



SUSTAINABILITYREPORT

2021

Fiscal Year:
1 April 2020
31 March 2021



ALCANTARA

CRADLE

TO GRAVE

CERTIFIED

PIONEERING

TRANSPARENCY

STAKEHOLDER

ENGAGEMENT

CERTIFIED AND VERIFIED

OFFSETTING

PROJECTS



THE CHAIRMAN’S LETTER

Photo: Giovanni Gastel

Dear Stakeholders,

in the occasion of the issuing of the 12th edition of our Sustainability Report, we feel important to underline that transparency is the principal assumption on which we build our fact-based approach to sustainability.

Our commitment is proven also by the importance Alcantara gives to the opposition to the widespread of ‘greenwashing’, identified as the worst enemy of sustainability causing deception and damage to the consumer, generating situations of unfair competition and addressing investments, otherwise devoted to sustainability projects, to activities opposite to the goal.

In fact, Alcantara has had and continues to have an extreme attention to the best practices in the field of sustainability demonstrated by its pioneering role having been the first Italian company, and among the very first in the world, to reach the status of Carbon Neutrality certified by TÜV SÜD in 2009.

This year we want to underline as key elements that distinguish Alcantara’s approach to sustainability the following:

- Alcantara adopts a fact-based approach, i.e. based on scientific evidence and certifications, and not controversial ‘greenwashing’ practices without foundation. Our sustainability journey is very serious: we have **CERTIFIED** our Sustainability Report and our Carbon Neutrality by TÜV SÜD since 2009.
- As a clear, self-determined and direct action to fight climate change, every metre of material produced and marketed by Alcantara has a net CO₂ emissions balance of zero, with a **CRADLE TO GRAVE** approach, including not only the production process, but also the use and disposal phases of the product itself, therefore the overall lifecycle of the product.
- After the reduction process, Alcantara’s residual emissions are offset through **CERTIFIED and VERIFIED OFFSETTING PROJECTS**, validated and proved by an accredited third party, following the application of rigorous verification processes to which all offsetting projects are subjected. Offsetting is an option that is regulated at an international level and also demanded by the Kyoto Protocol. Our Sustainability Report includes a description of the offsetting projects, aimed at expanding the use of renewable energy resources and improving the health and social conditions of people in the poorest and most disadvantaged areas of the world, while offsetting all CO₂ emissions produced. In the past 12 years, Alcantara supported over 40 projects (i.e. hydroelectric, biomass, wind power, photovoltaic, cogeneration etc.) which involved more than 20 different countries (India, China, Eritrea, Taiwan, Uganda, Ghana, etc.).
- Methodologically we followed a rigorous strategy, certifying every step of our path towards sustainability, seeking maximum **TRANSPARENCY**, staying away from false declarations. Every year with the Sustainability Report we give an overview of what we do and what our future plans are. It’s a fact that our **PIONEERING** method has been followed after several years by large multinationals both in terms of Carbon Neutrality and analyses of the entire life cycle of the product.
- Alcantara is carrying on strong **STAKEHOLDER ENGAGEMENT** activities to raise awareness and encourage dialogue among international experts in different business sectors and cross-fertilization in issues of sustainability. Through organizing and promoting these events, we want to create engagement from stakeholders by increasing the awareness on sustainability and creating a shared culture.

On proceeding with Alcantara’s long-term decarbonization plan, we have accelerated our serious path towards special versions of our material mated with increasing amounts of bio-based polymers and recycled polyester. To this regard, we pay extreme attention to utilize recycled polyester produced in Europe by post consumers scraps, recycled through a mechanical process, being traceable and certified. Due to the rapid growth of false statements on the use of recycled materials, for Alcantara these are the fundamental elements to distinguish recycled polyester.

With this 12th edition of the Sustainability Report Alcantara wants to highlight how much sustainability remains a core value in its corporate culture, an important growth driver and a spur to developing its business strategy. Now, more than ever, we are convinced that sustainability is a value beyond cost: a value for our Company, our brand, our people and our stakeholders. A value for the future.

Andrea Boragno
Chairman and CEO of Alcantara S.p.A.

Methodology

Sustainability Report
of Alcantara S.p.A.

PERIOD
OF REFERENCE
1 April 2020-
31 March 2021
(annual report):
Fiscal Year 2021.

REFERENCE GUIDELINES

The Sustainability Reporting Standards of the Global Reporting Initiative (GRI). Based on current coverage of the indicators linked to the material aspects summarized in the final correlation table, the level of conformity with the GRI standards is 'In accordance - comprehensive'.

INFORMATION COLLECTION

Social and environmental responsibility data are provided in dedicated flow diagrams and fact sheets. The information in these respects the precautionary approach required by the standards and is subsequently verified according to a reporting process that is integrated with Company management systems.

FRAME OF REFERENCE

The reference period for the report corresponds to the financial reporting period of Alcantara S.p.A. This document refers to two Fiscal Years:

- "FY 2020" or "Fiscal Year 2020" refers to the period from 1 April 2019 to 31 March 2020;
- "FY 2021" or "Fiscal Year 2021" refers to the period from 1 April 2020 to 31 March 2021.

SIGNIFICANT CHANGES

The Sustainability Report constitutes a consolidated non-financial statement pursuant to Legislative Decree 254/2016 and contains information on environmental, social, employees, human rights and anti-corruption themes useful for understanding the Group's activities, performance, results and impact.

EXTERNAL AUDIT

This document was revised externally by a third party based on the principles and instructions set out in the international standard for assurance on non-financial information ISAE 3000 (International Standard on Assurance Engagements 3000) and by the International Auditing and Assurance Standards Board (IAASB), a body directly supported by the International Federation of Accountants (IFAC).

CONTACT DETAILS

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Alcantara S.p.A.'s 2021 Sustainability Report may be consulted in interactive format on the dedicated micro-site
<https://sustainabilityreport.alcantara.com>

We would like to thank the entire internal work group and all staff involved in the development and production of this 2021 Sustainability Report. Prepared and coordinated by Alcantara S.p.A.

For further information, contact: alcantarasustainability@alcantara.com
All comments and suggestions are welcome.

SUSTAINABILITY REPORT 2021

Fiscal Year:
1 April 2020
31 March 2021

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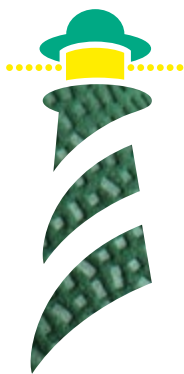
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 Browse the interactive report on
sustainabilityreport.alcantara.com

1.1 Mission, Values and Sustainability Strategy



Alcantara S.p.A. is a leading company in the field of premium upholstery materials. Its value is based on three essential elements that determine its global success: an **internationally recognised brand**, constant process and product **innovation**, and lastly a business model where **technological development** allows to generate aesthetically refined solutions. Alongside these factors, **sustainability** is another essential pillar of the Company's operations, which

translates into the possibility to generate long-term value which benefits the environment, the territory and the community in which Alcantara S.p.A. operates. In fact, the Company has made sustainability its strength over time by placing it at the centre of decision-making processes and the pursuit of business objectives, in order to create a strategic orientation plan capable of guiding development and investment choices.



Sustainability

Alcantara S.p.A.'s commitment to promoting business sustainability, in line with the principles included in the Global Agenda for Sustainable Development with the corresponding **SDGs** (Sustainable Development Goals) defined by the United Nations, translates into the awareness that sustainable strategies can contribute to the creation of benefits not only for the Company, but also for the various actors influenced by its business activities, such as clients, suppliers, employees, shareholders and civil society itself.

raising the awareness of its suppliers, encouraging them to in turn embark on a path towards Carbon Neutrality, and verifying respect of universal human rights principles, labour standards, the environment and the fight against corruption.

In addition to this, Alcantara S.p.A. has launched a **medium and long-term decarbonisation plan** with the aim to reduce CO₂ emissions thus also reducing compensation amounts.

The plan can be implemented through the following intervention lines:

1. circular economy;
2. increasing energy efficiency;
3. increasing the use of renewable energy and fuels from renewable sources;
4. sustainable transport for Alcantara S.p.A.'s raw materials, products and employees;
5. reduction of water consumption.

This commitment is also evidenced by its membership in the **United Nations Global Compact**, the **Global Compact Network Italy Foundation**, and various initiatives promoted by the Company. The Sustainability Report is a perfect example of this, which Alcantara S.p.A. publishes each year on a voluntary basis. It is an act of transparency and accountability that represents the strong commitment of Alcantara S.p.A. in the management of resources and production processes, as opposed to the increasingly widespread tendency to greenwashing by unscrupulous companies that exploit the lack of information on sustainability to disclose incorrect and that take advantage of groundless information.

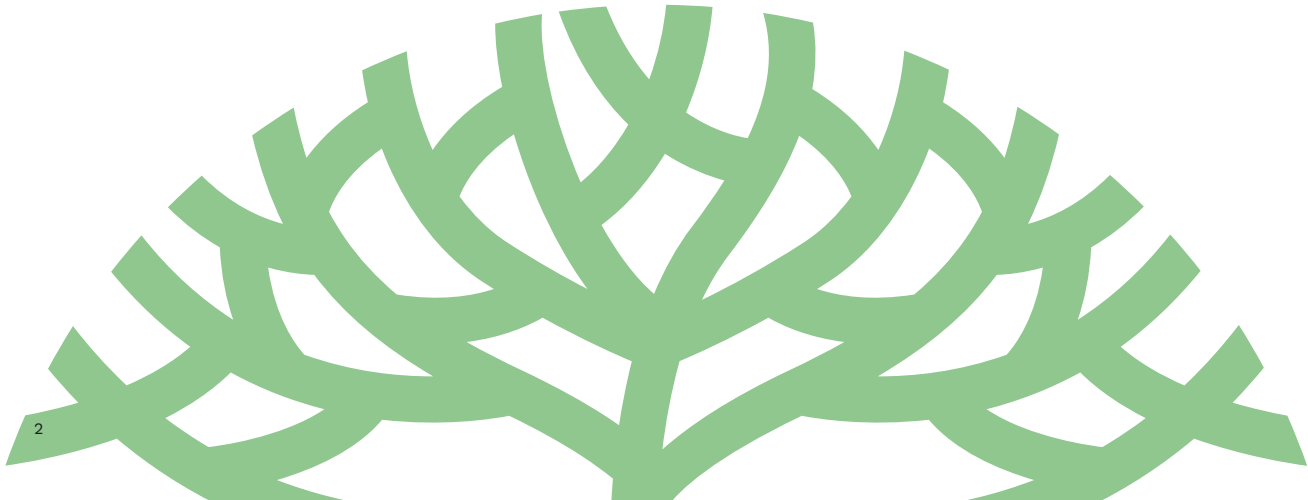
To confirm its willingness to achieve the objectives defined by the Paris Agreements of 2015 (COP 21), **Alcantara S.p.A. measures, reduces and offsets 100% of all carbon dioxide emissions attributable both to Company activities and to the product, from cradle to grave, taking the responsibility of the whole chain of product's life cycle.** In fact, Alcantara S.p.A. was the first Italian company - and one of the first in the world - to be certified **Carbon Neutral since 2009**, playing a pioneering role in sustainability. Furthermore, the Company is actively engaged in



Points of Engagement

The elements and pillars on which Alcantara S.p.A. bases its commitment are the so-called **"points of engagement"**:

- made in Italy;
- global brand;
- art, design and creativity;
- tailor-made approach;
- sustainability.





1.2 The History of Alcantara S.p.A.

The Company's international success is mainly due to the creation of the material Alcantara® developed in 1970, a one-of-a-kind invention which still allows to obtain the best product performance today. Below are the milestones along Alcantara S.p.A.'s path of growth:

1970 **Invention of Alcantara®:** Japanese scientist Miyoshi Okamoto filed the patent for the material;

1972 **agreement with the ANIC Group,** later ENI, for the commercial use of the patent (i.e., Joint Venture between the ENI Group and the Toray Group, the basic technology provider);

1972 **ANTOR S.p.A.** (acronym for ANIC Toray) was established; 51% ANIC (then ENI) and 49% SOFID (Group Finance Company);

1972 **the production plant was created in Nera Montoro** - currently still the one and only plant worldwide where Alcantara® is produced - and the Company's headquarters were established in Milan;

1973 **change of name from ANTOR S.p.A. to IGANTO S.p.A.** (acronym of Italia Giappone ANIC Toray) to seal a partnership between the two countries and their companies;

1974 **SOFID sold its 49% stake in the capital** to Toray Industries Inc. of the Toray Group;

1981 **IGANTO S.p.A. became Alcantara S.p.A.,** with share capital still divided between ENI Group (51%) and Toray Group (49%);

1994 **establishment of the Application Development Centre,** dedicated to the in-house development of ad hoc technical solutions and applications;

1995 **definitive transfer of 100% of the shares from ENI Group** to Toray Group; immediately afterwards the Toray Group transferred 30% to the Mitsui Group;

1998 **first intervention to double the production capacity** in the plant;

2000 **initiation of the first stylistic diversification activities,** the embryonic stage of the Design Office;

2002 **completion of the second intervention** to double production capacity;

2009 **Carbon Neutrality certification obtained** (from cradle to gate);

2010 **publication of Alcantara S.p.A.'s first Sustainability Report;**

2011 **installation of the phyto-treatment plant,** first collection of finished products with the proprietary brand "A'alcantara" and product Carbon Neutrality obtained (from cradle to grave);

2012 **operations initiated in the new co-generation plant;**

2014 **1st International Sustainability Symposium** organized with Venice International University (VIU) and dedicated to sustainability in the global automotive industry entitled "Sustainability and the new Automotive Value Chain";

2015 **completion of the first phase** (tests on an industrial scale) of the project started in 2013 aimed at further reducing the environmental impact and energy consumption of the production process, start of research on raw materials from renewable sources (bio-based); **2nd international Symposium on Sustainability** on the theme "The Automotive Ecosystem on the Global Road to Sustainability. The Asian Perspective";

2016 **3rd International Sustainability Symposium** organised in Tokyo, in partnership with Nikkei, VIU (Venice International University) and Waseda University;

2017 **announcement of the IACI project** (acronym for "Increase Alcantara Capacity Installed") with an expansion plan aimed at doubling the Company's production capacity within 5 years;

2018 **4th International Sustainability Symposium** organised in Venice in partnership with VIU (Venice International University) on the theme "Coping with climate: Global Warming and Decarbonisation";

2019 **5th International Sustainability Symposium** organised in Venice with the support of the World Bank Group's Connect4Climate global partnership programme;

2019 Alcantara S.p.A. celebrated its **10th anniversary of Carbon Neutrality** and its 10th edition of the Sustainability Report;

2020 Alcantara S.p.A. reconfirmed its membership in **the United Nations Global Compact** and **the Global Compact Network Italy Foundation**, the two largest strategic initiatives in the world of corporate citizenship, for the third consecutive year. Establishment of the **Complex Manufacturing Department**, a special unit of Alcantara S.p.A., with the exceptional skills required to develop extreme customisations by combining complex technologies, able to provide the customer with the finished product, ready for assembling;

2021 **Alcantara S.p.A. renewed its membership in the United Nations Global Compact for the fourth consecutive year,** in addition to the Global Compact Network Italy Foundation and **the Carbon Disclosure Project**, again reiterating its commitment to the transparent reporting of CO₂ emissions. In fact, Alcantara S.p.A. has obtained the **High Financial Statements Honour known as the FELIX INDUSTRY AWARD** as "Best company in the fashion sector for management performance and Cerved financial reliability" among competitive, reliable and sustainable companies with registered office in the Lombardy region.

1.3 The Corporate Structure



The share capital is made up of ordinary shares of € 1 each; at 31 March 2021 the subscribed and paid-in share capital of Alcantara S.p.A. was € 10,800,000 and is divided as follows:

| COMPANY | NUMBER OF ORDINARY SHARES FY 2021 | % OWNERSHIP |
|--|-----------------------------------|-------------|
| Toray Industries Inc. - Tokyo (parent company) | 7.560.000 | 70% |
| Mitsui & Co. Ltd. Tokyo - Tokyo | 3.240.000 | 30% |
| TOTAL SHARES | 10.800.000 | 100% |

1.4 The Sectors of Application of Alcantara®



AUTOMOTIVE

The products and services offered by Alcantara S.p.A. are particularly valued in the automotive sector. This is mainly due to the characteristics of the material Alcantara®, which thanks to its grip, breathability, durability, lightness, softness and lightfastness, lends itself to solutions customised according to the client's needs, while maintaining high levels of product performance and comfort standards. The environmental value that the material produces must be added to the above, making it possible to avoid increasing the carbon footprint of the cars in which it is used.



FASHION & ACCESSORIES

In the fashion industry, Alcantara® lends itself to luxury creations where the constant search for contemporary elegance and attention to detail are enhanced by the textures and exclusive weaves of the material. Alcantara® is a material with infinite possibilities for customisation, able to cover any shape and surface, in compliance with the strictest industry standards, allowing to develop exclusive and tailor-made solutions, and meeting the technical and design requirements of the most demanding luxury brands. Starting from Fiscal Year 2021, a new generation of Alcantara® material was introduced to fashion and accessories markets, produced applying partially bio-based polyester for fiber production, reducing consumption of fossil feedstock and carbon footprint, before offsetting.



CONSUMER ELECTRONICS

The union between high tech and made in Italy craftsmanship make Alcantara® a unique and competitive product that allows the Company to also excel in the consumer electronics sector, especially in Asia and the United States of America. Over the years, Alcantara S.p.A. has developed highly customised skills and solutions for clients in this sector: "turnkey" projects that start from product design, through the implementation of the supply chain, up to the creation of the finished product.



INTERIORS, CONTRACT, MARINE & AVIATION

Alcantara® is recognised as a valuable material with unique characteristics, able to enhance the appearance and functionality of the finished product, with high adaptability to the most particular applications. In fact, Alcantara S.p.A. offers a dedicated collection of products for the interiors and contract segment, which includes tested and approved materials. In the marine segment, the functional characteristics of Alcantara®, its resistance to the agents of the marine environment, its permeability to air and its excellent breathability guarantee a pleasurable trip, even for the most demanding passengers. In the aviation sector, Alcantara® offers comfort, lightness, style and elegance that make it the ideal travel companion both for the interiors of private jets and helicopters and for those of large commercial airlines. The new Alcantara® Multilayer EVolution for domestic upholstery combines enhanced performances with the use of sustainable raw materials such as partially bio-based polyester for fibers and recycled polyester for the internal scrim.

1.5 Governance Structure

The governing bodies of Alcantara S.p.A. are the Shareholders' Meeting, the Board of Directors, the Executive Committee and the Chief Executive Officer. Alongside these, the control and monitoring functions of the activities are carried out by the Board of Statutory Auditors and the Supervisory Body pursuant to Italian Legislative Decree 231/2001. With the exception of the Chairman and Chief Executive Officer, the members of the Board of Directors are all independent, non-executive and appointed on the basis of skills and qualifications in line with Alcantara S.p.A.'s sustainability orientation. As at 31/3/2021, the Board of Directors is composed as follows:

BOARD OF DIRECTORS

- Andrea Boragno
Chairman and Chief Executive Officer
- Yasuo Suga
Yasuhiro Takagi
Akihiro Tanabe
Shunichiro Nakai
Masao Hayashi
Hiroshi Serizawa
Makoto Nishimura

BOARD OF STATUTORY AUDITORS

- Giovanni Primo Quagliano
Chairman
- Roberto Spada
Giuseppe Moretti

SUSTAINABILITY GOVERNANCE

The Chairman is responsible for informing the Board of Directors of decisions that have a particular impact on the activities and sustainability plan of the business. Projects with a particular impact in terms of sustainability are consistent with the objectives of Alcantara S.p.A.'s strategic plan and are overseen by the **"Sustainability Working Group"**, composed of the main corporate heads of the various divisions and coordinated by the Sustainability Director. The Sustainability Director is responsible for collaborating with the Chairman and CEO to define the Company's strategies, its general objectives in terms of sustainability and the Company's multi-year Sustainability Plan, to develop and implement the strategies for achieving Alcantara S.p.A.'s objectives in terms of sustainability, making use of the support of the various corporate functions and using specific logic and methods as a team leader of cross-functional working groups.

The Board of Directors has the further task of annually reviewing and approving the **Annual Risk Assessment**, ensuring its correct implementation and monitoring in order to ensure the efficient assessment and management of strategic, operational, environmental, social and governance risks.

RISK ASSESSMENT

THE SUSTAINABILITY REPORT

Although Alcantara S.p.A. is not required by the relevant legislation to prepare a Sustainability Report, the approval of the latter takes place on a **voluntary basis** by the Chairman of the Board of Directors. The Company's management is therefore supported by a **structured system of reporting** on the progress of the business and key projects. This also allows for the correct application of incentive and remuneration systems with a view to supporting and enhancing merit and allows for easy planning of the objectives set, with a capacity for achieving even those of an environmental and social nature.

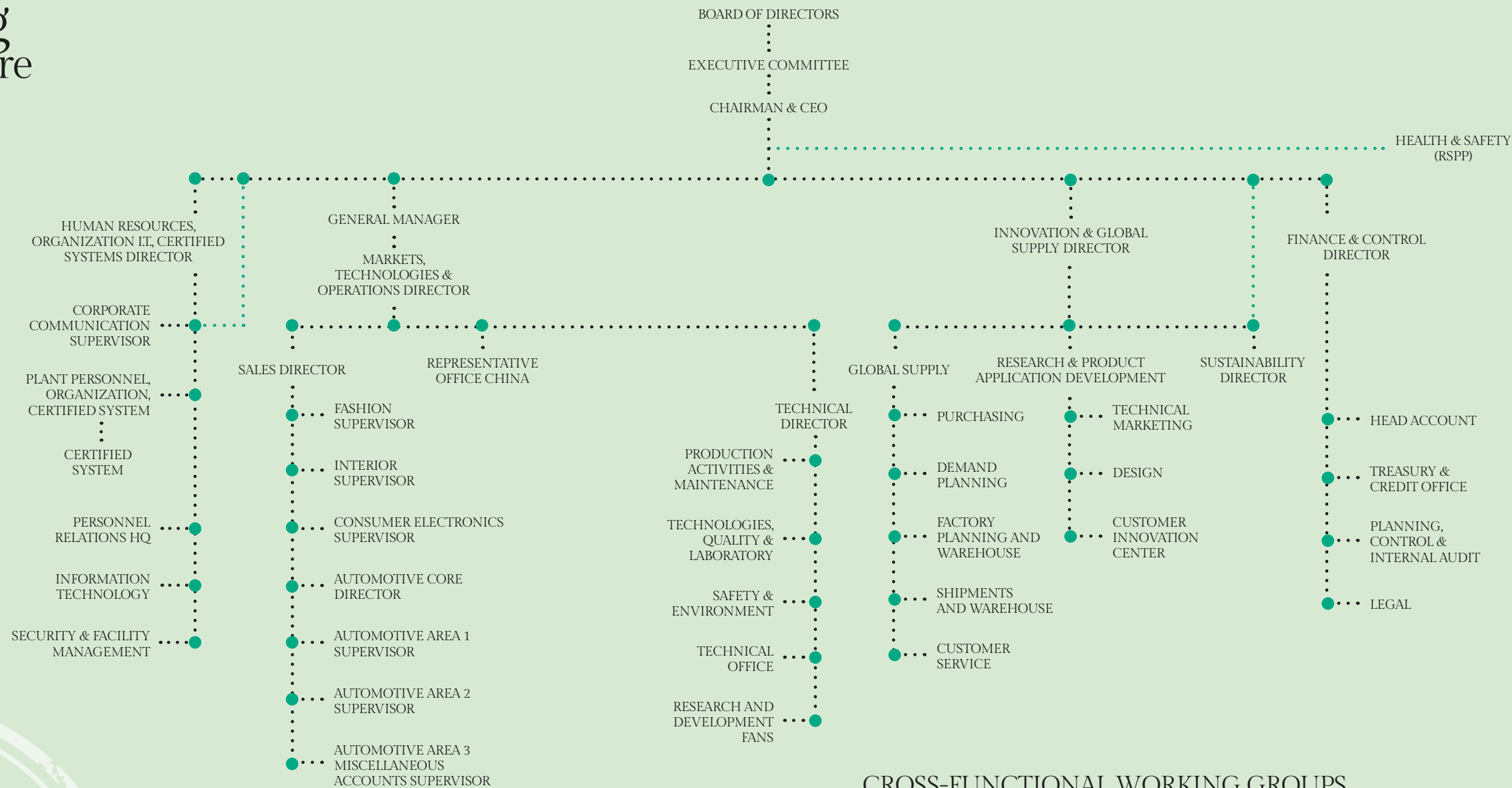
The relationship with its stakeholders is a fundamental element characterising Alcantara S.p.A.'s operations. In fact, despite the absence of specific communication channels that allow the stakeholders to interact directly with the Board of Directors, the various present and future activities are implemented with an eye to the suggestions coming from the various department managers, the Supervisory Body, employees and representatives of external stakeholders. Confirming this through the work of the representative bodies in which the Company participates and the recommendations of the numerous third parties and independent entities that verify the management systems of Alcantara S.p.A., the Company annually directly involves the main stakeholders, including their opinions and ideas within the materiality analysis (see paragraph 1.9).

During Fiscal Year 2021, the process of monitoring, maintaining and implementing the Company's compliance processes with the GDPR continued. In particular, the following activities were carried out:

- implementation of the corporate privacy organisational chart through the appointment of privacy delegates and updating the appointments of internal privacy managers and data processors;
- updating the register of personal data processing activities carried out by Alcantara S.p.A. as data controller, also in light of the start of new personal data processing;
- management of relations with clients, suppliers, employees in terms of privacy;
- where necessary, designation of suppliers as external data processors;
- adaptation of the Complex Manufacturing video surveillance system (DPIA, informative drafting, signage implementation);
- drafting internal privacy procedures (Dawn Raid Procedure) and updating / integration of existing ones (among others, procedure for managing requests received from data subjects and the Company's privacy policy);
- adaptation of the cookie policy of the website www.alcantara.com and the additional Alcantara S.p.A. sites to the latest information on the subject;
- conducting training courses on privacy and GDPR for employees (including training courses for the privacy delegates);
- updating and monitoring the adequacy of the technical and organisational measures implemented;
- regular conduct of organisational privacy committees.

In addition, as part of its Corporate Social Responsibility activities and to further confirm its commitment against unlawful conduct, the Company has adopted a specific **Anti-Corruption Policy** with which it intends to summarise and integrate the rules already in force for preventing and combating corruption into an organic framework, with the aim of further raising awareness among its recipients of the rules and behaviours that must be observed. In application of the anti-corruption policies, for the part concerning "gifts, hospitality and entertainment expenses", the **"Donations and/or Gifts Procedure"** was also issued, with the aim of regulating the cases in which Alcantara S.p.A.'s employees are allowed to offer or receive kind gestures intended to cultivate promotional and/or commercial relationships with third parties, in compliance with the Anti-Corruption Policy and the Code of Ethics.

1.6 Operating Structure



The surprising results of Alcantara S.p.A. are attributable to the **development of adequate production flexibility**, which aims to meet the needs of the different markets in which the Company operates. This is possible thanks to an organisation based on the **integrated management of business processes** and is characterised by the commercial divisions that manage the business in the various application sectors.

Despite the complexity of the production process, flexibility is guaranteed. Production is based on the **integration of traditional textile processes** such as spinning, carding and needling with raw material synthesis processes, high-precision mechanical processes and impregnation, dyeing, and **ennobling processes**, partly borrowed from other technological sectors.

CROSS-FUNCTIONAL WORKING GROUPS

With the aim of offering a product and service capable of adequately responding to the changes and challenges of a constantly shifting global market, as well as to the need to guarantee increasingly innovative and sustainable solutions, Alcantara S.p.A. has developed a **horizontal organisational system** that is based on cooperation between “cross-functional teams”. Indeed, the Company has enhanced and promoted the process of consolidating team work, updating its

objectives and dedicating a working group to each of these, structuring them as follows:

- **coordination and Control Committee:** composed of the Chief Executive Officer and senior management, its task is to guide the group by setting its objectives;
- **team leader:** responsible for coordinating the working group;
- **team members:** express and contribute their skills and knowledge necessary to achieve objectives.

Team working has involved a large portion of management and middle management, integrating with the functional and hierarchical structure, generating important advantages:

- greater **focus on Alcantara S.p.A.’s strategic objectives**;
- an increase in **involvement and motivation**, above all of middle management;
- improvement of **communication and alignment processes**;
- development of the **sense of belonging** and **sharing**;
- improvement in the “**quality of the response**” and the actions taken.

1.7 The 2022-2025 Strategic Sustainability Plan



PLANET

Environmental Sustainability

PEOPLE

Social Sustainability

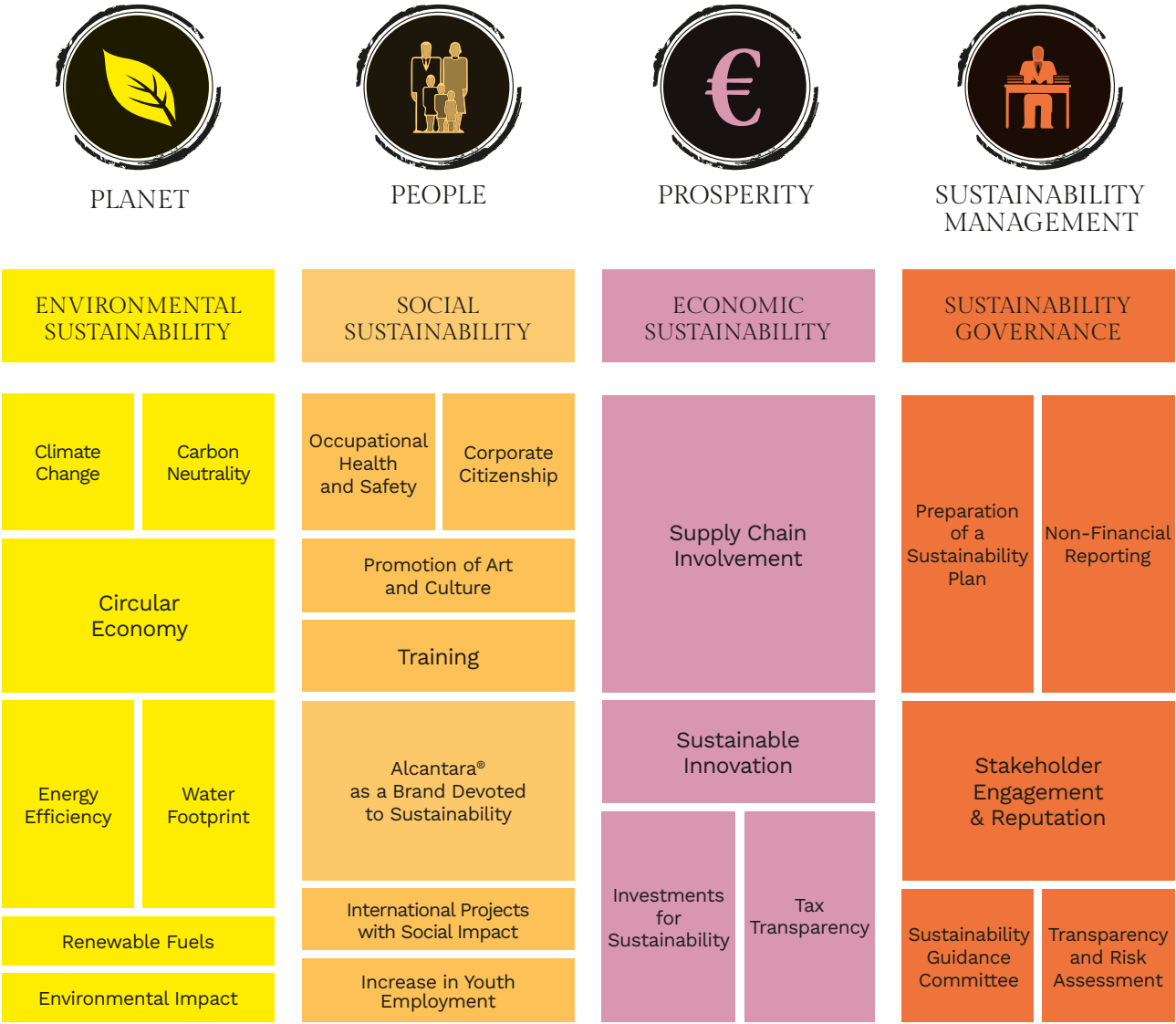
PROSPERITY

Economic Sustainability

SUSTAINABILITY MANAGEMENT

Sustainability Governance

In line with the most advanced international practices in sustainability, Alcantara S.p.A. has developed a total of **23 specific objectives**, for the four areas, to be achieved in the medium term (2022-2025). These tangible commitments are represented as follows:



1.8 Risk Management Systems

Alcantara S.p.A. has implemented an internal system for the prevention of identified risks that allows it to identify, measure, manage and monitor the main critical issues, in line with its strategy of sustainable business development at economic, social and environmental level. With regard to the mitigation of more typically financial risks, reference should be made to the Annual Report (risks associated with general economic conditions; business risk: credit risk; exchange rate fluctuation risk).

Alcantara S.p.A. responsible management model is based on a set of certified management systems and appropriate governance and control mechanisms aimed at identifying and managing risks to promote business continuity and success:

- creating value in a sustainable way together with all its stakeholders;
- interpreting the needs of its clients by pursuing the highest quality standards;
- reducing the environmental impact to a minimum;
- developing and controlling the supply chain;
- talking and listening to stakeholders.

Alcantara S.p.A. has obtained and maintains the following international certifications:

| SYSTEM CERTIFICATIONS | | | |
|--|--|----------------|---------------------------------|
| Standard | Subject | Body | Date of 1 st release |
| UNI EN ISO 9001:2015 | Quality Management System | TÜV SÜD | September 1993 |
| UNI EN ISO 14001:2015 | Environmental Management System | TÜV SÜD | May 2000 |
| ISO-TS 16949 | Quality requirements of the automotive sector | TÜV SÜD | February 2004 |
| SA8000® | Social Accountability | TÜV SÜD | October 2008 |
| CMS Standard GHG 41 of CARBON NEUTRALITY (since 2013 PAS 2060) | Compensation for residual greenhouse gas emissions | TÜV SÜD | June 2009 |
| BS OHSAS18001: 2007 | Health and Safety Management System | TÜV SÜD | October 2012 |
| ISO 50001:2011 | Energy management system | Bureau Veritas | February 2017 |

Certified management systems are subject to both internal audits - performed by qualified internal personnel on all business processes and functions - and periodic maintenance or renewal audits performed by an accredited body. Moreover, Alcantara S.p.A. is equipped with authoritative certifications related to the product, also verified annually by accredited bodies.

| PRODUCT CERTIFICATIONS | |
|---|------------------------------------|
| Certification | Validity |
| Oeko-Tex Standard 100 (valid for individual brands/families) | Obtained and maintained since 1995 |
| Marine sector: IMO MED certification according to European Directives 2002/75/EC and 96/98/EC (valid for individual brands/families) | Obtained and maintained since 2000 |
| Contract sector: certification for CPD construction products according to European Directive 89/106/EC (valid for individual brands/families) | Obtained and maintained since 2011 |

In line with its mission that places business activities on the same level with sustainability-related initiatives, Alcantara S.p.A. subscribes to the Codes of Ethics applied by the main companies and clients regarding environmental and social issues. As already mentioned, this commitment is further evidenced by its membership, also for Fiscal Year 2021, in the United Nations Global Compact (UNGC) and the Global Compact Network Italy Foundation (GCNI) in order to continue to contribute to the advancement of the United Nations Sustainable Development Goals.

Alcantara S.p.A. confirms its support of the United Nations Global Compact for the fourth year in a row

In Fiscal Year 2021, Alcantara S.p.A. reaffirmed its membership as Participant Member in the UN Global Compact, the world's largest corporate sustainability initiative. By supporting the UNGC, Alcantara S.p.A. **confirms its long-lasting commitment to sustainability** and reinforces it by respecting and promoting the Ten Principles of the UNGC; along with the implementation of strategic actions, which actively contribute to the advancement of global goals, such as the UN Sustainable Development Goals.

Alcantara S.p.A. is committed to providing an annual disclosure of its activities and practices regarding the ten Principles through this document, which also represents its Communication on Progress (CoP).

The 10 Principles of the UN Global Compact

Human rights

PRINCIPLE 1

businesses should support and respect the protection of internationally proclaimed human rights;

PRINCIPLE 2

make sure that they are not complicit in human rights abuses.

Labour

PRINCIPLE 3

businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

PRINCIPLE 4

the elimination of all forms of forced and compulsory labour;

PRINCIPLE 5

the effective abolition of child labour;

PRINCIPLE 6

the elimination of discrimination in respect of employment and occupation.

Environment

PRINCIPLE 7

businesses should support a precautionary approach to environmental challenges;

PRINCIPLE 8

undertake initiatives to promote greater environmental responsibility;

PRINCIPLE 9

encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

PRINCIPLE 10

businesses should work against corruption in all its forms, including extortion and bribery.



1.9 Dialogue with Stakeholders

Alcantara S.p.A. operates in a broad context and according to a global vision that involves different national and international realities, with which it constantly interfaces and interacts. For this reason, listening to and involving its stakeholders plays a fundamental role in order to foster a constant development process based on the interaction between the Company's objectives and the interests of the main stakeholders with the aim of creating shared value.

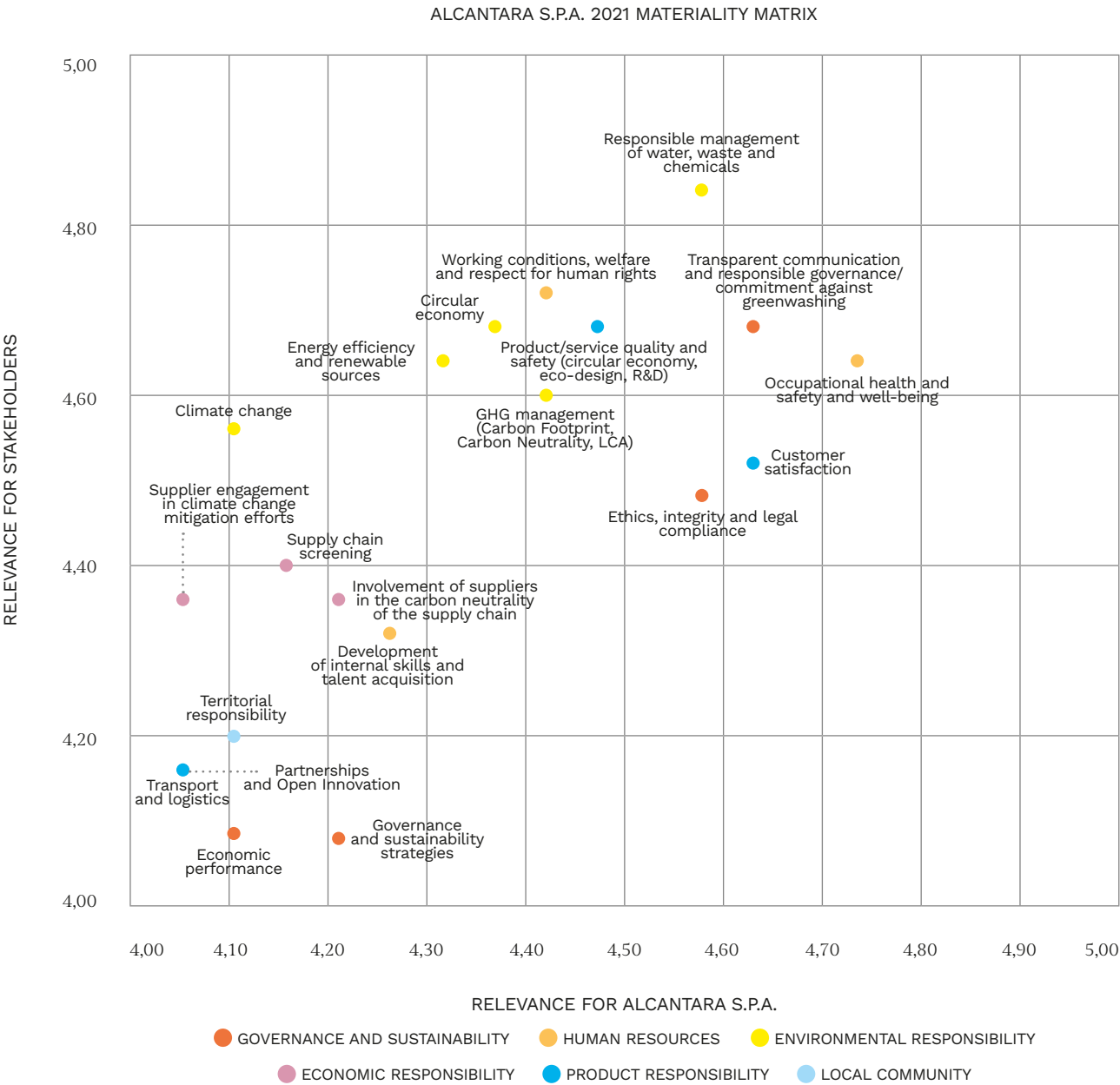
During Fiscal Year 2021, Alcantara S.p.A. continued a number of dialogue, consultation and listening initiatives aimed at the Company's main stakeholders: a system that allows for constant interaction and evolutionary monitoring of all topics directly or indirectly related to sustainability issues.

| STAKEHOLDERS | KEY TOPICS | STAKEHOLDER EXPECTATIONS | MAIN ENGAGEMENT ACTIVITIES |
|-----------------------|---|--|--|
| CLIENTS AND CONSUMERS | <ul style="list-style-type: none">• Product uniqueness and brand value.• Design, customisation and exclusivity.• Innovation and research.• Transparency and commercial fairness.• Pre-post sale services.• Effective communication and responsible promotional activity.• Regulatory compliance and information - product laws - protecting the end consumer.• Packaging and recyclability.• Corporate and product sustainability.• Carbon Neutrality. | <ul style="list-style-type: none">• Maximisation of value for the consumer.• Quality and continuity in product supply. | <ul style="list-style-type: none">• Organisation of meetings with the senior management of major clients to illustrate the details of Alcantara S.p.A.'s commitment to sustainability.• Initiatives to promote and raise public awareness on sustainability issues.• Client satisfaction and market analysis.• Customer care.• Ad hoc visits to the Company and open doors (school groups, journalists).• Direct and active interaction of the Research & Development Centre team with the client through meetings and/or information activities to customise the range.• Direct contacts at industry events and trade fairs.• Production of information materials dedicated to sustainability. |
| SUPPLIERS | <ul style="list-style-type: none">• Continuity and quality of work.• Reputation.• Collaboration for research and development activities Safety and sustainability as values. | <ul style="list-style-type: none">• Compliance with all antitrust competition laws.• In operational countries. | <ul style="list-style-type: none">• Evaluation activities foreseen by the supplier qualification process or certified systems.• Technical visits and periodic meetings.• Systematic quality response (feedback).• Collaborations for improvement or innovation. |
| SHAREHOLDERS | <ul style="list-style-type: none">• Profitability and business value.• Reputational protection.• Transparency.• Correctness in management. | <ul style="list-style-type: none">• Value creation for the Shareholder.• Corporate Governance and Risk Management.• Representation of minorities.• Transparency and timeliness in economic and financial information. | <ul style="list-style-type: none">• Shareholders' Meeting and representation to the Board of Directors.• Participation in internal and Group events and international conferences.• Involvement for the formulation and revision of the Code of Ethics and the Organisational Model.• Periodic review of: J-SOX, ERM (Enterprise Risk Management), Security Trade Control, C-MOS (Control Monitoring Online System). |

| STAKEHOLDERS | KEY TOPICS | STAKEHOLDER EXPECTATIONS | MAIN ENGAGEMENT ACTIVITIES |
|---------------------|--|--|---|
| HUMAN RESOURCES | <ul style="list-style-type: none">• Professional growth and continuous learning.• Meritocracy and delegation.• Workplace stability.• Internal climate: collaboration and sharing objectives and knowledge.• Remuneration and benefits.• Reconciliation of life and work.• Health and well-being in the workplace. | <ul style="list-style-type: none">• Equal opportunities.• Safety in the workplace.• Professional development for all categories of employees.• Participation in corporate life and all related initiatives.• Work-life balance.• Stability. | <ul style="list-style-type: none">• Internal communication events (safety day, meetings, etc.).• Meetings for sharing objectives.• Strategic objectives working groups.• Six-monthly "House organ" as an internal information and sharing tool.• Constant climate monitoring and occasional surveys every 3-4 years to understand work-life balance or other needs.• Team building.• Meetings with trade union representatives.• Meetings and relationships with the local community at various levels.• Meetings with institutional bodies. |
| ENVIRONMENT | <ul style="list-style-type: none">• Atmospheric emissions.• Use of raw materials.• Responsibility in the production process.• Conservation and enhancement of environmental heritage-biodiversity.• Investments in environmental protection. | <ul style="list-style-type: none">• Prevention and respect for the environment.• Corporate strategy aimed at reducing the consumption of natural resources. | <ul style="list-style-type: none">• AIA - Autorizzazione Integrata Ambientale (Integrated Environmental Authorisation).• Study at authoritative institutions in environmental matters.• Participation in innovative projects with scientific institutions and their correct communication.• Collaboration in controls by the bodies in charge of controls.• Participation in category tables. |
| LOCAL COMMUNITY | <ul style="list-style-type: none">• Activities-investments and value creation in the territory.• Environmental and quality of life Protection and Carbon Neutrality.• Respect for human rights.• Transparency and completeness of communication to the media and the local community.• Support for research and development, education, art and culture initiatives. | <ul style="list-style-type: none">• Listening to requests.• Contribution and support to initiatives in the territory and local communities.• Access to information.• Protection of heritage and the environment.• Health and safety. | <ul style="list-style-type: none">• Collaboration projects with universities and training schools in Italy and abroad.• Contests and scholarships for young designers/artists.• In Fiscal Year 2021, for reasons related to the global pandemic caused by Covid-19, Alcantara S.p.A. focused on the digital sphere as the channel for dialogue with its clients and stakeholders, without excluding the design community and the end consumer.• Very few guided tours were carried out at the plant for the Italian press, following the protocols and guidelines of the National, Regional and Health Authorities with the presence of personal protective equipment.• Participation in conferences and co-organisation of events.• Ad hoc communications on the eleventh anniversary of Carbon Neutrality.• Renewed annual membership in the United Nations Global Compact as a "Participant" member and in the Global Compact Network Italy. |
| PUBLIC INSTITUTIONS | <ul style="list-style-type: none">• Compliance with laws.• Administrative and fiscal regularity.• Activities - investments and value creation in the territory Reporting. | <ul style="list-style-type: none">• Collaboration, technical support and information sharing.• Participation in the territorial planning of activities.• Compliance with legislation in all countries where Alcantara S.p.A. operates. | <ul style="list-style-type: none">• Collaboration in visits or audits of the Public Administration.• Participation in projects, calls for proposals or institutional research.• Monitoring of updates issued by the Italian Accounting Body.• Periodic reporting to ISTAT, Bank of Italy, Mediobanca and Lombardy Region. |

Upstream of the reporting process initiated to create the Sustainability Report 2021, Alcantara S.p.A. proceeded to update the materiality matrix aimed at identifying the ESG issues (environmental, social and governance) considered relevant and significant for its business and stakeholders. These issues are in fact defined as “material” in that they are able to reflect the economic, social and environmental impacts of the Company and because they can influence the decisions of the main internal and external stakeholders of Alcantara S.p.A.

- The material aspects were identified starting from a survey structured and articulated in the following steps:
- an internal analysis based on various public and non-public internal sources;
 - an activity of direct involvement of external stakeholders and first Company lines through the administration of a survey;
 - an analysis of the sector and other external sources to identify other potential relevant issues.













- Transparent communication and responsible governance/commitment against greenwashing
- Ethics, integrity and legal compliance
- Economic performance
- Governance and sustainability strategies
- Working conditions, welfare and respect for human rights
- Occupational health and safety and well-being
- Development of internal skills and talent acquisition
- Responsible management of water, waste and chemicals
- Energy efficiency and renewable sources
- Circular economy
- Climate change
- GHG management (Carbon Footprint, Carbon Neutrality, LCA)
- Transport and logistics
- Supplier engagement in climate change mitigation efforts
- Supply chain screening
- Involvement of suppliers in the carbon neutrality of the supply chain
- Product/service quality and safety (circular economy, ecodesign, R&D)
- Customer Satisfaction
- Partnerships and Open Innovation
- Territorial responsibility

This analysis allowed to identify 27 main themes related to 6 different macro-areas: Governance and Sustainability, Human Resources, Environmental Responsibility, Economic Responsibility, Product Responsibility and Local Community. The materiality matrix is a summary representation of the results which

emerged from the analysis carried out. It consists of the Cartesian plane defined by the two axes that represent the level of relevance to be attributed to the different issues considering, respectively, the perspective of Alcantara S.p.A. (abscissa) and that of its stakeholders (ordinate).

The matrix includes (in the form of points) only the topics which have exceeded the so-called “materiality threshold”, i.e. those that have obtained an average rating above 4 on a scale from 0 (negligible aspect) to 5 (very relevant aspect) on both axes.

| TOPIC | MATERIAL TOPICS IDENTIFIED BY ALCANTARA S.P.A. | TOPIC-SPECIFIC GRI REFERENCE STANDARDS | RISKS RELATED TO FAILURE TO MONITOR THE TOPIC | REFERENCE SDGS | EXTERNAL IMPACT TO ALCANTARA S.P.A. | POLICIES | PARAGRAPH |
|------------------------------|---|---|---|---|--|---|-----------|
| Governance | Governance and Sustainability Strategies | Anti-corruption (GRI 205) Anti-competitive behaviour (GRI 206) | <ul style="list-style-type: none"> • Risk of unethical and/or illegal behaviour by employees. • Risks of corporate offences. • Risks of non-compliance or violation of applicable legislation or regulations. • Risks of corruption offences. • Reputation risk. |  | External Collaborators, Partners, Consultants, Agents, Attorneys | <ul style="list-style-type: none"> • Code of Ethics. • 231 Organisation and Management Model. | 1.5; 1.7 |
| | Ethics, integrity and legal compliance | General disclosures (GRI 102) | |  | Community, Partners, External Collaborators, Employees | <ul style="list-style-type: none"> • Code of Ethics. • Global compact (UNGC). | 1.8 |
| | Economic performance | Economic Performance (GRI 201) | |  | Local Community, Employees, Clients, Suppliers | <ul style="list-style-type: none"> • Code of Ethics. • SA8000 Certification. | 1.5; 3.5 |
| | Transparent communication and commitment against greenwashing | General disclosures (GRI 102) | |  | | <ul style="list-style-type: none"> • Code of Ethics. • 231 Organisation and Management Model. | 1.5 |
| | | | | | | | |
| Social responsibility | Working conditions, welfare and respect for human rights | Human Rights (GRI 412) Diversity and equal opportunities (GRI 405) Non-discrimination (GRI 406) | <ul style="list-style-type: none"> • Risk of increased turnover and loss of competent and relevant personnel. • Risk of increased accidents. • Risk of increased work-related stress. • Risk of incompetence and negligence. |  | Employees | <ul style="list-style-type: none"> • Health, Safety and Environment Policy. • Code of Ethics. | 3 |
| | Development of internal skills and talent acquisition | Training and education (GRI 404) | |  | Local Community Employees | <ul style="list-style-type: none"> • Health, Safety and Environment Policy. • Code of Ethics. | 3 |
| | Occupational health and safety and well-being | Occupational Health and Safety (GRI 403) | |  | Employees | <ul style="list-style-type: none"> • Health, Safety and Environment Policy. | 3.6 |
| Environmental responsibility | GHG emissions management | Emissions (GRI 305) | <ul style="list-style-type: none"> • Failure to comply with environmental laws and regulations. • Increase in costs related to the provision of energy. • Amendments to legislation with sanctioning risks. |  | Community, Employees | <ul style="list-style-type: none"> • Health, Safety and Environment Policy. | 6.3 |
| | Responsible management of water, waste and chemicals | Water (GRI 303) Effluents and waste (GRI 306) | |  | Suppliers | <ul style="list-style-type: none"> • Health, Safety and Environment Policy ISO14001. • Energy Policy ISO50001. • SA8000 Certification. | 3.5; 6 |

| TOPIC | MATERIAL TOPICS IDENTIFIED BY ALCANTARA S.P.A. | TOPIC-SPECIFIC GRI REFERENCE STANDARDS | RISKS RELATED TO FAILURE TO MONITOR THE TOPIC | REFERENCE SDGS | EXTERNAL IMPACT TO ALCANTARA S.P.A. | POLICIES | PARAGRAPH |
|------------------------------|---|---|---|---|-------------------------------------|---|---------------|
| Environmental responsibility | Climate change | Emissions (GRI 305) Effluents and waste (GRI 306) | <ul style="list-style-type: none"> • Failure to comply with environmental laws and regulations. • Increase in costs related to the provision of energy. • Amendments to legislation with sanctioning risks. |  | Suppliers | <ul style="list-style-type: none"> • Carbon Neutrality Certification. | 2.2; 6.3 |
| | Energy efficiency and renewable sources | Energy (GRI 302) | |  | Suppliers and Clients | <ul style="list-style-type: none"> • IMO MED Certification. • Oeko-Tex Standard 100. • Certification for CPD products. | 1.8; 2.2; 4.1 |
| | Circular economy | Waste (GRI 306) | |  | Community | <ul style="list-style-type: none"> • Sale of by-products for industrial uses (e.g., Alcanol, Alcarene). | 5; 6.2 |
| | Transport and logistics | Materials (GRI 301) | |  | Suppliers, Employees | <ul style="list-style-type: none"> • Compliance with standard SA8000. • 231 Organisation and Management Model. • Code of Ethics. | 2.2; 3 |
| Economic responsibility | Supply chain screening | Supplier social assessment (GRI 414) | <ul style="list-style-type: none"> • Risk of increasing cases of discrimination and unequal treatment along the supply chain. |  | Suppliers | <ul style="list-style-type: none"> • 231 Organisation and Management Model. | 2.2 |
| | Involvement of suppliers in the carbon neutrality of the supply chain | Supplier environmental assessment (GRI 308) | <ul style="list-style-type: none"> • Failure to comply with environmental laws and regulations. |  | Suppliers | <ul style="list-style-type: none"> • Carbon Neutrality Certification. | 2.2 |
| | Supplier engagement in climate change mitigation efforts | | | | | | 6.3 |
| Product Responsibility | Product quality and safety | Customer health and safety (GRI 416) | <ul style="list-style-type: none"> • Possible late and/or inadequate response to customer feedback and expected satisfaction levels. • Non-compliance of product information. • Reputation risk. • Risk of loss of competitiveness. |  | Clients | <ul style="list-style-type: none"> • Code of Ethics. • ISO9001 Certification. • Oeko-Tex Standard 100. | 1.8 |
| | Customer satisfaction | Customer health and safety (GRI 416) Marketing and labelling (GRI 417) Customer privacy (GRI 418) | |  | | | 4 |
| | Partnerships and Open Innovation | Local Communities (GRI 413) | |  | Local Community | <ul style="list-style-type: none"> • Global compact (UNGC). | 5 |
| Local community | Territorial responsibility | Indirect economic impacts (GRI 203) Procurement practices (GRI 204) Local Communities (GRI 413) | <ul style="list-style-type: none"> • Poor attention to social and territorial issues. |  | Community | <ul style="list-style-type: none"> • Code of Ethics. | 1.5; 5 |

1.10 Covid-19 Pandemic Management

The spread of the Covid-19 pandemic made it necessary to implement extraordinary measures aimed at ensuring the safest possible working environments. To this end, Alcantara S.p.A. proceeded to implement a new concept of work spaces and environments that led to the application of numerous precautionary and organisational measures.

The numerous meetings with the RSU (Rappresentanze Sindacali Unitari - Unitary Trade Union Representatives) and the Joint Committees set up at the Headquarters and the Production plant have encouraged the implementation of shared actions capable of complying with the protocols and guidelines of national, regional and health authorities, in accordance with the application of the National Protocols, signed by the Government and Social Parties.

Furthermore, additional measures beyond those prescribed for the reference production sector have been shared. With the primary intention of protecting the health of all employees, Alcantara S.p.A.:

- carried out periodic screenings of employees (through voluntary submission to **serological tests** and **rapid swabs**) as well as of third-party companies with personnel present within the Plant;
- **placing limits on shared environments** (canteen, dining halls, changing rooms, vending machines);
- periodically **sanitising** all work environments;
- using **PPE** in line with the guidelines of shared protocols;
- suspending trips, physical meetings and group meetings;
- differentiating the entry time of shift workers and the consequent maximisation of **remote work** for employees (especially at the Milan Headquarters);
- renewal of the “**New Covid-19 employees**” **insurance policy**, at the Company's expense.

In the implementation of these measures, the Company has placed particular emphasis on personnel in fragile conditions, sharing an agreement with the social parties for non-computability for the purposes of the period of absence due to illness of personnel defined as “fragile”.



In addition, to ensure greater protection, changing rooms have been allocated for the exclusive use of fragile workers, in addition to extraordinary respiratory tract protection measures, and the use of dining halls during specific dedicated hours.

As mentioned, Alcantara S.p.A. operates with a process of continuous innovation flanked and supported by a business model where technology gives rise to solutions of high aesthetic and technological value, serving the requests of clients operating on a global scale. The pandemic has created great difficulties for this model given the following phenomena:

- the impossibility of having the usual direct contacts with clients in order to understand their needs and share developments;
- the difficulty of developing solutions in-house and with the support of partners;
- the erratic demand, which led to sudden changes in production demands, with moments of acceleration followed by sudden stops and unexpected restarts.

Alcantara S.p.A. was able to efficiently respond to these impediments and stresses by continuing to serve clients' requests for existing programmes and developing innovative solutions for future ones.

This was possible thanks to the following characteristics of the Company's organisational structure and its culture:

- streamlined chain of command, which ensured the immediate safety of people and production structures, thereby guaranteeing the uninterrupted conduct of business processes;
- continuous cross-functional exchanges based on the utmost cooperation;
- management mindful of the challenge and aware of the responsibilities of the decisions to be taken.

These factors allowed to demonstrate flexibility, an essential feature of resilient companies and the best guarantee for continuing to create value over time.





Highlights

- Over **€62 million** of value added and distributed.
- **€30 million** in investments.
- 50% local suppliers, considering the Company's Headquarters and Production Plant.

NOTE: the numbers provided in this section are rounded to the nearest thousand euros.

Fiscal Year 2021 Main Focus

SUSTAINABILITY IN THE SUPPLY CHAIN

- Awareness-raising activities of the supply chain in its environmental sustainability model, successfully expanding the categories of suppliers involved in the calculation of CO₂ emissions and related offset;

SA8000®

- request to suppliers for adaptation to the principles referred to by the standard SA8000®;

TERRITORIALITY

- the high percentage of local suppliers allows the Company to significantly reduce transport costs, and therefore mitigate the environmental impact generated by its business;

SUSTAINABILITY

- investments for the development of production capacity in line with environmental themes and those relating to health and safety.

Related SDGs



2.1 Economic Indicators and Added Value

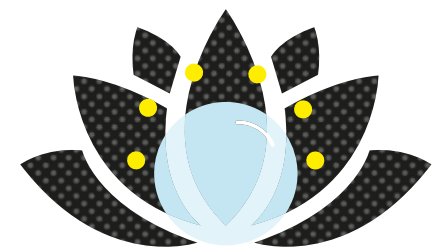
Fiscal Year 2021 was characterised by the explosion of the Covid-19 pandemic, which began in the previous year and led to a strong decrease in demand in all the Alcantara S.p.A.'s characteristic sectors, but with a different combination in the business sectors and over the period of the year. Specifically, there was a drastic downturn in the first half of the Fiscal Year, with a slight recovery, especially driven by the automotive sector in China, in the last quarter.

| MAIN BALANCE SHEET DATA (€/000) | FY 2019 | FY 2020 | FY 2021 |
|---|----------------|----------------|----------------|
| Short-term assets | 110,971 | 152,111 | 128,530 |
| Fixed assets | 294,706 | 380,365 | 540,597 |
| TOTAL ASSETS IN THE BALANCE SHEET | 405,677 | 532,476 | 669,127 |
| Short-term liabilities | 156,126 | 160,151 | 126,601 |
| Medium/long-term liabilities | 20,038 | 101,808 | 127,807 |
| TOTAL LIABILITIES | 176,164 | 261,959 | 254,408 |
| Shareholders' equity | 229,513 | 270,517 | 414,719 |
| TOTAL LIABILITIES IN THE BALANCE SHEET | 405,677 | 532,476 | 669,127 |
| Net financial position | (90,476) | (184,529) | (184,633) |

The significant increase in fixed assets, compared to the previous Fiscal Year, is essentially linked to the Company's decision to perform a revaluation of assets pursuant to Italian Law no. 126 of 13 October 2020 for a total value of €150,857,000.

The decrease in liabilities is mainly due to payables for investments that decrease as a whole, compared to the previous Fiscal Year, by €10,818,000.

Lastly, the increase in shareholders' equity is closely related to the revaluation of fixed assets, as illustrated above, the equivalent of which is recorded in the specific revaluation reserve.



ADDED VALUE

The two calculation tables in the next page and the distribution of Added Value reclassify, according to the methodology proposed by the Study Group for the Social Report (Gruppo di studio per il Bilancio Sociale - GBS), the items in the income statement to express the relationship between the Company and the socio-economic system with which it interacts in monetary quantities. The determination of Added Value thus **highlights Alcantara S.p.A.'s ability to generate wealth** in a cost-effective

manner **for the benefit of several of its main stakeholders:**

- **staff:** remuneration of employees;
- **public administration:** remuneration of public administration;
- **lenders:** remuneration of credit capital;
- **shareholders:** remuneration of risk capital;
- **corporate system:** remuneration of the Company;
- **local community:** donations and sponsorships.

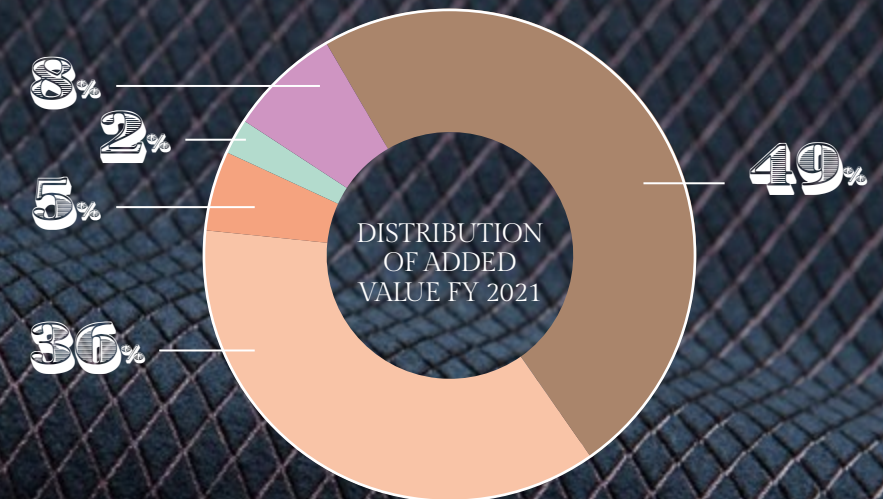
DISTRIBUTED ADDED VALUE

| GROSS GLOBAL ADDED VALUE (€/000) | FY 2019 | FY 2020 | FY 2021 | Δ% FY 2020/21 |
|---|---------------|----------------|---------------|----------------|
| A) Production value | 211,412 | 214,567 | 151,778 | (29.3%) |
| B) Intermediate production costs | 112,172 | 113,356 | 88,993 | (21.5%) |
| GROSS ORDINARY ADDED VALUE | 99,240 | 101,211 | 62,785 | (38%) |
| C) Accessory and extraordinary components | 270 | 723 | 66 | (90.9%) |
| GROSS GLOBAL ADDED VALUE | 99,510 | 101,934 | 62,851 | (38.3%) |

| DISTRIBUTION OF GROSS GLOBAL CONSOLIDATED VALUE (€/000) | FY 2019 | FY 2020 | FY 2021 | Δ% FY 2020/21 |
|--|---------------|----------------|----------------|----------------|
| A) STAFF REMUNERATION | 39,578 | 39,668 | 34,088 | (14.1%) |
| Employees | 37,148 | 37,880 | 32,147 | (15.1%) |
| - Wages and salaries | 25,490 | 26,568 | 22,154 | (16.6%) |
| - Social security charges | 8,407 | 8,548 | 7,242 | (15.3%) |
| - Employee severance indemnity | 1,778 | 1,855 | 1,692 | (8.7%) |
| - Other expenses | 1,473 | 910 | 1,059 | 16.4% |
| Non-employee staff | 2,430 | 1,788 | 1,941 | 8.6% |
| B) REMUNERATION OF THE PUBLIC ADMINISTRATION | 13,590 | (4,907) | (3,689) | (24.8%) |
| Direct and indirect taxes (net of loans and tax credits) | 14,067 | (4,246) | (1,408) | (66.8%) |
| Financing received from the Public Administration | (477) | (661) | (2,281) | 245.1% |
| C) REMUNERATION OF CREDIT CAPITAL | 242 | 1,162 | 1,639 | 41.0% |
| Short-term capital charges | 16 | 7 | 1 | (85.7%) |
| Long-term capital charges | 226 | 1,155 | 1,638 | 41.8% |
| D) REMUNERATION OF RISK CAPITAL | 8,964 | - | 5,184 | 100% |
| Share of profit for the year distributed | 8,964 | - | 5,184 | 100% |
| E) COMPANY REMUNERATION | 37,028 | 65,909 | 25,516 | (61.3%) |
| Share of profit allocated to reserves | 26,898 | 49,968 | 5,183 | (90%) |
| Amortisation | 10,130 | 15,941 | 20,333 | 27.6% |
| F) LOCAL COMMUNITY (DONATIONS AND SPONSORSHIPS) | 108 | 101 | 113 | 11.9% |
| GROSS GLOBAL ADDED VALUE | 99,510 | 101,934 | 62,851 | (38.3%) |

As mentioned above, the Covid-19 pandemic had important consequences on the Added Value distributed, which decreased overall by 38.3% compared to the previous Fiscal Year, thus highlighting an insignificant comparison with the same Fiscal Year.

- Staff
- Company
- Public Administration
- Credit capital
- Risk capital



Staff remuneration was therefore affected by this context, highlighting a drastic decrease with a particular impact on employees, as a result of both the use of the Covid Redundancy Fund in the first part of the year and the downsizing of the workforce. In order to combat the pandemic and guarantee the safety of workers, the Company implemented various measures, including the sanitisation of its premises, the daily distribution of personal protective equipment, structural interventions on workstations and a massive use of remote work for office staff.

Within the remuneration of the Public Administration, the decrease in taxes due should be noted, on the one hand to be attributed to the tax loss for

IRES (corporate income tax) purposes for the year, and on the other by the increase in loans received, including tax credits, Covid-19 sanitisation bonuses and contributions in the year, of which an ample explanation is given in the "P.A. and institutions" sheet in the "Tax Benefits" section.

The remuneration of credit capital saw a significant increase despite the presence of an almost unchanged final net financial position, essentially due to the prolonged indebtedness for all twelve months of the Fiscal Year and a peak in the first part of the Fiscal Year.

The increase in the remuneration of risk capital compared to the previous Fiscal Year is due to the return to the distribution of dividends by the Company, which saw the group policy increase the dividend from 25% to 50% of the distributable profit compared to previous Fiscal Years.

Finally, although not identifiable in the Added Value distribution table, it should be noted that on 30 September 2020, the Company Shareholders' Meeting resolved the distribution of reserves in favour of the shareholders in the amount of €12,496,000, equal to 25% of the profit of the previous Fiscal Year. Details of the items relating to the €113,000 allocated to the local community are as follows.

| | Amount disbursed (€/000) - FY 2021 |
|-----------------|------------------------------------|
| Environment | - |
| Culture | 22 |
| Social | 9 |
| Membership fees | 82 |

Alcantara S.p.A. and Toray Industries: together for the Territory

The project approved by the parent company Toray Industries Inc., which will bring Alcantara S.p.A. to almost twice its current size, combined with a completely renewed production process, has slowed down with respect to the original plan due to the Covid-19 pandemic. Based on the resumption of the core business, the Company will carry on in completing the project, which remains fully valid in both economic and environmental terms.



The investments made in Fiscal Year 2021 amount to almost €30 million. Of these €1,572,000 relate to intangible fixed assets and €6,664,000 relate to the capitalisation of internal costs, attributable to the cost of staff in the maintenance, technical design and research departments and to warehouse/utilities withdrawals.



The commitment to safety, health and the environment is renewed for Fiscal Year 2022 through investments aimed at strengthening the measures adopted and continuously improving the standards achieved in order to limit the impacts generated on the environment and protect the safety of workers.

Among the main investments planned for the next Fiscal Year, the Company will continue to pursue the **project to increase production capacity** launched in Fiscal Year 2018, aimed at the continuous and growing demand of the market. High investment costs are anticipated for the continuation of Scale up II (see table below).

| INVESTMENT PLAN 01/04/2021-31/03/2022 | AMOUNT (€/000) |
|--|----------------|
| Construction and maintenance of plants and quality standards | 8,301 |
| Health, safety and environment | 3,213 |
| Research and development | 1,096 |
| IT system, commercial facilities and others | 1,300 |
| New environmental improvement project | 5,585 |
| New project to increase production capacity | 20,848 |
| TOTAL | 40,343 |

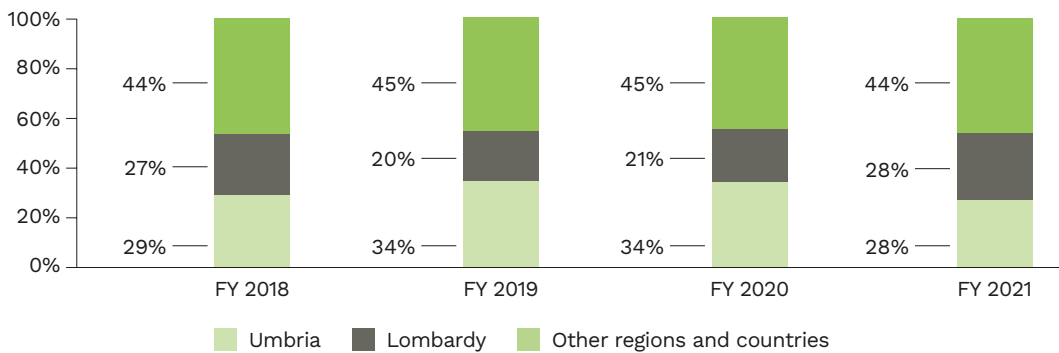
2.2 Suppliers and Partners

Responsible supply chain management is of strategic importance for Alcantara S.p.A., which is committed to ensuring a product that meets the highest quality, safety and compliance standards. The Company obtains the materials, products and services necessary to carry out its manufacturing activities in the production structure of the Nera Montoro plant, the activities at the headquarters in Milan and the distribution processes. In more detail, Alcantara S.p.A. imports a number of special raw materials, semi-finished products, machinery or equipment and, in specific cases, the manufacturer is Toray Industries, Inc.

TERRITORIALITY

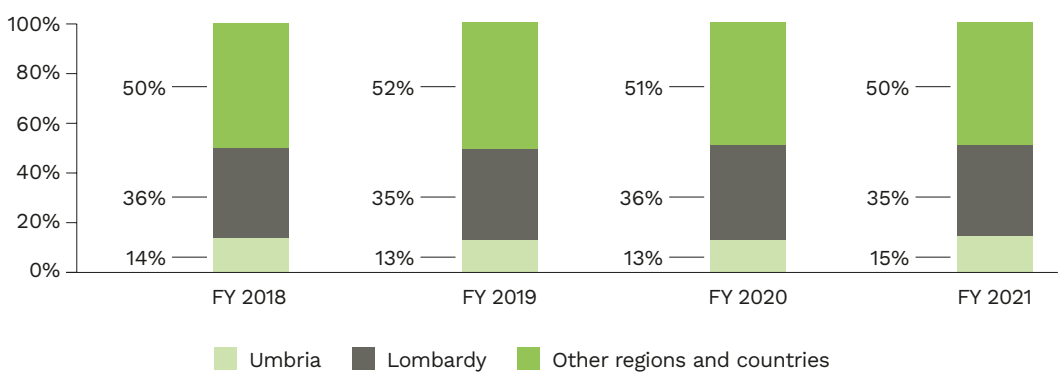
Over 80% of the technical area and out-sourced maintenance services for the Nera Montoro plant are provided by local companies with their registered and operational headquarters in Umbria, while the product processing, also out-sourced, is entrusted to specialised third-party companies providing services, with over 99% operating in Italy.

PERCENTAGE OF COSTS BY PROVENANCE OF SUPPLIERS



With specific reference to the territoriality parameter of suppliers, Alcantara S.p.A. positively assesses their proximity to the Company's headquarters (provincial or regional). In fact, considering the two Italian corporate sites in Milan and Nera Montoro, out of a total of **1,182 suppliers**, the number of local suppliers is 589, equal to 50% of the total. The high percentage of local suppliers allows the Company to significantly reduce transport costs, and therefore mitigate the environmental impact generated by its business. At a non-European level, the main suppliers come from Japan.

NUMBER OF SUPPLIERS BY PROVENANCE



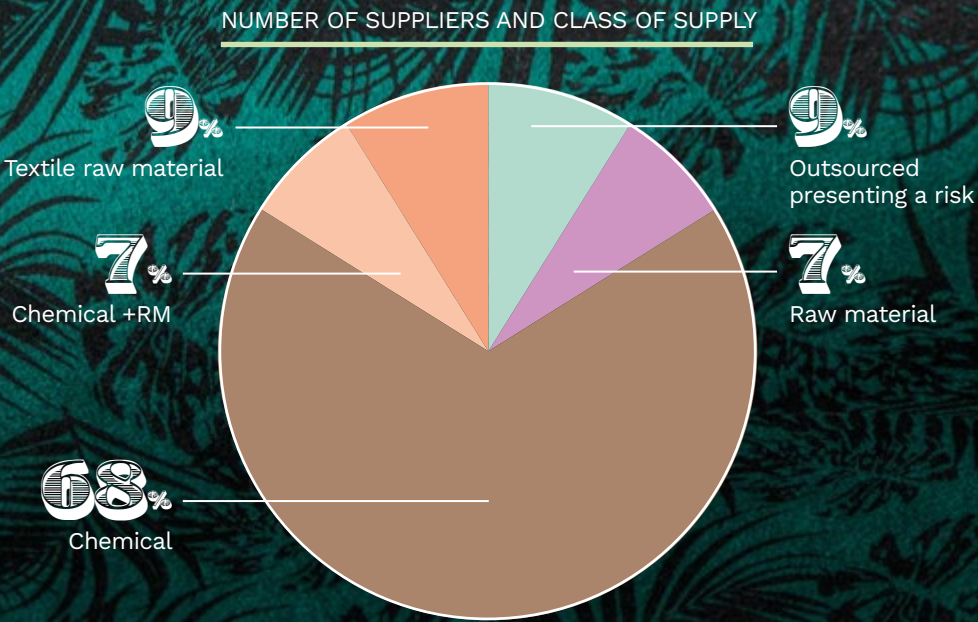
| SUPPLIERS | FY 2019 | | | FY 2020 | | | FY 2021 | | |
|-----------------|---------|------------|------------|---------|------------|------------|---------|------------|------------|
| | Number | % of total | % of costs | Number | % of total | % of costs | Number | % of total | % of costs |
| Italy | 1,606 | 87% | 77% | 1,456 | 87% | 81% | 980 | 83% | 86% |
| Other countries | 243 | 13% | 23% | 227 | 13% | 19% | 202 | 17% | 14% |
| TOTAL | 1,849 | 100% | 100% | 1,683 | 100% | 100% | 1,182 | 100% | 100% |

Alcantara S.p.A. only purchases raw materials authorised by Community legislation (REACH), subjecting each new product to a rigorous assessment from the point of view of environmental impact and consumer safety before it is introduced into the production process.

ENVIRONMENTAL RESPONSIBILITY

With the aim of ensuring and protecting the end consumer's health the Company requires suppliers to:

1. verify and certify if chemicals supplied comply with the limits indicated in the MRSL ZDHC¹ as well as the list of additional requirements and undertake to monitor and maintain them over time;
2. ensure the management requirements set out in the self-assessment questionnaire prepared for this purpose.



¹ Manufactured Restricted Substances List Zero Discharge of Hazardous Chemicals programme.



Alcantara S.p.A. pays particular attention to the selection and management of its suppliers through the implementation of a series of measures and procedures to ensure compliance with the sustainability, quality and safety policies adopted by the Company. The main suppliers verification and evaluation activities concern:

- **audits** conducted on site to verify the ability to meet specific supply requirements and compliance with the requirements of certified management systems (quality, safety, environment, social responsibility);
- **incentives** for the adoption of **programmes to optimise energy consumption, reduce hazardous materials, reduce emissions, use recycled materials and optimal waste management**; adoption is ascertained through objective documentary evidence and also through technical/organisational audits at the suppliers' premises;
- **updated supplier mapping** based on, among other criteria, incident factors, the level of sustainability risk associated with the supply, such as the geographic area - district in which the supplier operates - information in the public domain, adherence to the code of ethics and participation in corporate social responsibility programmes;
- the signing-up by suppliers for contract works and services, within the contracts signed, who undertake to **comply with the principles referred to in the SA8000® standard** and to observe, for the purposes of the execution of the tasks conferred, the **General Part of the Organisational Model** (pursuant to Legislative Decree No. 231/2001) and the Code of Ethics of Alcantara S.p.A.;
- promotion, among its suppliers (and sub-suppliers), of **transparent and ethical conduct**, responsible management paths in compliance with the principles of environmental protection, human rights, labour standards and the fight against corruption.

Within its supply chain, **124 suppliers of Alcantara S.p.A. were considered “priority”**, since the goods or services they provide have a mutually significant economic impact and support activities whose effects may influence stakeholder assessment. **Of these, 39 are the so-called “super core” suppliers** (as they operate continuously within the Alcantara S.p.A.'s offices or in production process and distribution partnerships) **and 85 are the so-called “core” suppliers** (as they perform services also not continuously within the corporate offices or can become production process partners).

During Fiscal Year 2021, the entry of one priority supplier occurred. **The new supplier has been included in Alcantara S.p.A.'s evaluation programme** which includes, among others, a verification of **environmental and social criteria relating to respect for the human rights of workers**.

In addition to identifying priority suppliers, Alcantara S.p.A. generally considers the suppliers of the following services/products as strategic:

- performance of work carried out on the product;
- procurement and logistics services (technical and maintenance companies operating within the plant and headquarters, warehouse management, transport);
- general services (reclamation and waste disposal);
- raw materials.

New Approach to Supply Chain Sustainability: CSR Self-Assessment and CO₂ Compensation

The CSR (Corporate Social Responsibility) assessment activity along the Alcantara S.p.A.'s supply chain allows the Company's suppliers to highlight the level of risk management and sustainability opportunities to be implemented. The compilation of a series of assessment sheets allows to identify possible actions to improve performance and sustainably create value while minimising the impact generated on the environment and the territory in which they operate. Through this initiative, the supplier companies will be able to respond to Alcantara S.p.A.'s requests for sustainability and to comply with its socially responsible business model. In addition, they will be able to equip themselves with better governance and control mechanisms, through:

- identifying ethical/social and environmental risks and opportunities;
- understanding the level of management of such aspects;
- identifying what must be done to reach a satisfactory level;
- evaluating and measuring progress over time;
- involving collaborators, also by stimulating internal debate;
- initiating dialogue with other businesses and organisations.

With this assessment of compliance with Alcantara S.p.A.'s socially responsible business model, the supplier will be accredited in line with sustainability standards by the vendor management system. During Fiscal Year 2021, the project was implemented with five additional contractor partner companies.

CSR ASSESSMENT SUPPLIERS

| TYPE OF SUPPLY | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | TOTAL AS AT 31/03/2021 |
|------------------------------------|----------|-----------|----------|----------|----------|----------|------------------------|
| Product processing | 1 | 3 | - | - | - | - | 4 |
| Procurement and logistics services | 3 | 6 | 5 | 5 | 4 | 1 | 24 |
| Services/Performances/Waste | - | 1 | 2 | - | - | - | 3 |
| Raw materials/Packaging | 1 | - | - | 2 | 1 | 4 | 8 |
| TOTAL AUDIT | 5 | 10 | 7 | 7 | 5 | 5 | 39 |

SUSTAINABILITY STANDARD ACCREDITATION STATUS AS AT 31/03/21

| | S.CORE | CORE | TOTAL |
|------------------------------------|--------|------|-------|
| Product processing | 39 | 85 | 124 |
| Procurement and logistics services | 28 | 11 | 39 |
| Services/Performances/Waste | 72% | 13% | 31% |

During Fiscal Year 2021, Alcantara S.p.A. continued **awareness-raising activities of the supply chain in its environmental sustainability model**, successfully expanding the categories of suppliers involved in the calculation of CO₂ emissions and related compensation, through the consolidated practice of purchasing **certified and verified offsetting projects**. The expansion was achieved through the involvement of a selected group of raw material suppliers (canvas and fireproofing process²) and outsourcers (fireproofing process), in addition to the consolidated number of partners belonging to the category Transporters and Couriers. Thanks to these numerous activities promoted by the Company, many suppliers have become Carbon Neutral. The amount of CO₂ offset by the aforementioned suppliers amounts to 18,107 tons.

² Treatment to which a material is subjected to reduce or delay combustion.

SA8000®

Alcantara S.p.A. ensures that its vision and the values underlying its business philosophy are shared and promoted by the Company's suppliers. In fact, the suppliers with which the Alcantara S.p.A. works have again renewed their commitment this Fiscal Year to:

- comply with service delivery in line with the updated Alcantara S.p.A.'s certified systems framework;
- receive visits from audit;
- comply with the ethical principles contained in the SA8000® standard and introduce an express commitment from the supplier;
- evaluate and select its suppliers on the basis of their ability to respond to the above principles;
- respond to Alcantara S.p.A.'s requests regarding sustainability and to comply with its socially responsible business model by respecting the general part of the organisational model (pursuant to Legislative Decree No. 231/2001) and the Code of Ethics of Alcantara S.p.A.

A further testimony of suppliers' commitment to comply with the Company's sustainability guidelines is demonstrated by the collaboration, in place since 2007, between Alcantara S.p.A.'s and suppliers of goods and services to maintain the requirements of the standard SA8000®. This collaboration results in **a schedule of visits to "core" and "super-core" suppliers** aimed at verifying, by qualified experts and the SA8000® manager, the commitment to ensure **compliance with the standard** on "social responsibility" and to identify any risk situations that may mitigate the protection of workers' rights. The findings detected can be classified as "minor" and the suppliers are asked to implement **corrective actions and proof** of their implementation.

During Fiscal Year 2021, no suppliers were found to have breached applicable occupational health and safety, environmental protection and public health standards and the international principles referred to by the standard SA8000®, nor were there situations of social emergency (undeclared work, child abuse, etc.) such as to require suspension or revocation of contract. There was no need to attach an "attention status" to any supplier. In addition, corrective action plans have been formulated together with suppliers in relation to the areas identified as susceptible to improvement.

Following the audits carried out in the last three Fiscal Years (total 30 audits of which 17 CSR audits and 13 SA8000® audits) **30 action plans were launched** - of which five implemented in Fiscal Year 2021 - which involved as many suppliers (93% of the visits carried out are given an improvement plan), for a total of 86 findings (54 CSR findings and 32 SA8000 findings) and related corrective actions.

In Fiscal Year 2021, Alcantara S.p.A. reviewed the mapping of suppliers in order to update the **multi-year audit programme until 2023**, which includes those subjects whose compliance with the criteria of sustainability, social responsibility and quality management requires direct verification.

The key factors adopted for the preparation of the mapping, as part of a risk analysis, under examination were: the product sector to which they belong and the geographical areas or industrial districts in which they operate, any information available in the public domain, as well as conduct during qualification or during supply.



2.3 Institutions

Alcantara S.p.A. has always cultivated a positive relationship with institutions and Public Bodies, also involving Universities in projects aimed at developing the link between public and private research.

With regard to the transfer of value to the State and Local Authorities through the payment of direct and indirect taxes and other taxes, it should be noted that the net amount is negative for €1,408,000, mainly due to IRES (corporate income tax), which shows a negative value of €2,354,000. This therefore highlights not a transfer to the State, but from the State, albeit with a combination of events. This is essentially due to the fact that the Fiscal Year ended with a tax loss for IRES purposes and the consequent recognition of deferred tax assets of €1,517,000 that will be recovered in subsequent Fiscal Years.

| FINANCIAL RELATIONS WITH LOCAL AUTHORITIES AND THE STATE (€/000) | | | |
|--|---------------|----------------|----------------|
| LOCAL AUTHORITIES | FY 2019 | FY 2020 | FY 2021 |
| IRAP | 2,253 | (137) | 307 |
| Waste disposal fee | 56 | 56 | 29 |
| Taxes and surcharges on utilities | 44 | 40 | 43 |
| ICI/IMU (Municipal Share) | 241 | 207 | 222 |
| Advertising tax | 9 | 9 | 9 |
| Sundry tax charges | 4 | 17 | 11 |
| TOTAL | 2,607 | 192 | 621 |
| STATE | FY 2019 | FY 2020 | FY 2021 |
| IRES | 10,846 | (4,783) | (2,354) |
| Customs charges | 277 | 26 | 32 |
| IMU (State Share) | 178 | 177 | 180 |
| VAT on gifts | 104 | 85 | 49 |
| Registration tax and government concessions | 6 | 9 | 10 |
| Sundry tax charges | 47 | 50 | 54 |
| TOTAL | 11,458 | (4,436) | (2,029) |
| TOTAL PUBLIC ADMINISTRATION | 14,065 | (4,244) | (1,408) |



Alcantara S.p.A. establishes a transparent relationship with its main stakeholders, including local authorities and national institutions. The Company also adopts this attitude in tax matters, formulating concrete and proactive responses to new regulatory requirements, without neglecting the achievement of economic performance, that are ethically responsible.

Alcantara S.p.A. does not have a division dedicated exclusively to taxation. This activity is carried out within the Administration, Finance and Control division in collaboration with leading tax consultants. The tax return, as well as all the tax benefits required by specific certification legislation, are subject to verification and certification by the auditing firm EY S.p.A.

The Company, in particular, defines tax risk management taking into account the Organisation and Management Model, and particularly on compliance with the Organisation Model (hereinafter also OM) for the prevention of offences, in application of the provisions contained in the former Italian Legislative Decree 231/2001 (such as corruption or false communications, exploitation of people and many more), as well as to prevent certain conduct as governed by the Code of Ethics (such as conflict of interest).

Alcantara S.p.A.'s approach to taxation is therefore based on **transparency and total compliance with local regulations**, also through continuous dialogue with the external professionals who support the Company. This is also reflected in corporate governance, where clear roles and responsibilities have been defined in relation to tax risks. Finally, the Supervisory Body supervises the application of Model 231 and monitors its implementation.

Prepaid and deferred income taxes are mainly linked to the differences between statutory and tax results following the movement of funds or other provisions, and for €1,517,000 relating to the tax loss recognised for IRES purposes which, with the expected continuity of business results, is recorded in the Financial Statements under Receivables for Deferred Taxes.

The negative amount of €2,048,000 is made up as follows:

| | IRES | IRAP | TOTAL |
|-----------------------------------|----------------|------------|----------------|
| Current taxes | - | 458 | 458 |
| Relating to previous Fiscal Years | (639) | (104) | (743) |
| Deferred and Prepaid | (1,715) | (48) | (1,763) |
| TOTAL | (2,354) | 306 | (2,048) |

The percentage of effective tax applied in the Fiscal Year as a result of the tax benefits deriving from ACE and Hyper/Super amortisation is negative 52.51% and differs from the nominal percentage of applicable tax 27.9% as shown in the following table:

| TAXES FOR THE YEAR AND RECONCILIATION BETWEEN ACTUAL AND THEORETICAL TAX BURDEN | IRES | | IRAP | | TOT. |
|---|----------------|----------------|--------------|---------------|-----------------|
| | % | € | % | € | % |
| PRE-TAX PROFIT | | 8,319 | | 8,319 | |
| Tax credits | | (754) | | (754) | |
| Labour costs and similar | | (53) | | 2,273 | |
| ACE | | (1,968) | | - | |
| Super/Hyper Amortisation | | (13,332) | | - | |
| Patent Box | | - | | - | |
| Other permanent differences | | 642 | | 2,072 | |
| | | (7,146) | | 11,910 | |
| Theoretical tax burden | 24% | (1,715) | 3.9% | 464 | 27.9% |
| Temporary differences | | | | | |
| - Deductible in subsequent years | | 4,973 | | 4,032 | |
| - Reversal of temporary items from previous years | | (4,149) | | (2,796) | |
| TAXABLE AMOUNT | | (6,322) | | 13,146 | |
| Current taxes for the year | 24% | (1,517) | 3.9% | 513 | 27.9% |
| Deferred taxes for the year | 24% | (198) | 3.9% | (48) | 27.9% |
| Covid benefit | | - | | (55) | |
| Current taxes for the previous year | | (639) | | (104) | |
| TOTAL TAXES FOR THE YEAR AND RELATED TAX BURDEN ON PRE-TAX PROFIT | (28.3%) | (2,354) | 3.68% | 306 | (24.61%) |
| Higher/(lower) tax burden | (52.3%) | | (0.22%) | | (52.51%) |



During Fiscal Year 2021, Alcantara S.p.A. continued to monitor subsidy opportunities in view of the high volume of investments that must be mobilised for the project to increase production capacity. In this perspective, Alcantara S.p.A., following the request for contributions for both investment and development activities, obtained the first contributions, as follows:

| GRANTS AND CONTRIBUTIONS RECEIVED | FY 2019 | FY 2020 | FY 2021 |
|---|--------------|--------------|----------------|
| Contribution for energy-intensive enterprises | (7) | - | - |
| Tax credit for Research and Development | (470) | (660) | (633) |
| Tax credit for new capital investments | | | (98) |
| COVID sanitisation bonus | | | (9) |
| Development Agreements Contribution (Industrial Research and Experimental Development)* | | | (1,526) |
| TOTAL CONTRIBUTIONS FOR THE YEAR | (477) | (660) | (2,266) |
| Development Agreements Contribution (Productive investment)* | | | (2,105) |
| TOTAL CAPITAL CONTRIBUTION | | | (2,105) |

* Amounts disbursed at 90%.

Further information in terms of grants or funding received during the Fiscal Year is available in the Statutory Financial Statements and in the detail of the “Tax benefits” shown below. Such economic advantages are received under an aid scheme accessible to all businesses fulfilling certain conditions on the basis of predetermined general criteria.



| LEGISLATIVE FRAMEWORK | CHARACTERISTICS |
|--|--|
| Patent Box. (Pursuant to Art. 1, paragraphs 37-45 of Italian Law No. 190 of 23 December 2014 “Stability Law”, amended by Italian Decree-Law No. 3 of 24 January 2015 and converted into Italian Law No. 33 of 24 March 2015). | Tax relief on income generated by intangible assets, such as trademarks, patents, models and the like. On 21 February 2019, the process of comparison and analysis with the Italian Revenue Agency on the methods of calculation and application of the benefit was initiated, which ended with a request for clarification provided by Alcantara S.p.A. in March. The closure occurred on 28 November with the competent office of the Revenue Agency, which allowed the Company to consolidate the benefit for the years 01.04.2015-31.03.2019, for a total of approximately €13.3 million, to which is added the actual benefit as of 31.3.2020 equal to approximately €3.5 million. The total benefit for the five-year period therefore amounts to €16.8 million. The current regulatory framework has redefined the rules for calculating the benefit with the exclusion of the Brand component, hence the Company has submitted a new Ruling request for the five-year period from 01.04.2020 to 31.03.2025. The Ruling procedure was just recently initiated. |
| Revaluation of Company assets. (Art. 110 of Italian Legislative Decree No. 104/20). | In the 2021 Financial Statements, the Company recorded, on the basis of specific technical expertise, the revaluation of business assets; more precisely, of the specific and generic systems and part of the buildings. Under current legislation, the financial statements’ book value of tangible and intangible business assets can be adjusted by releasing the greater value deriving from the revaluation through the payment of a substitute tax. The Company will therefore be able to take advantage of a tax benefit in the coming years linked to the higher amortisation resulting from this revaluation (with effect from the next financial year). |
| Super-Amortisation. Art. 1, paragraphs 91, 92, 93 and 94 of Italian Law No. 208 of 28 December 2015 “Stability Law” and Credit for investments in new capital goods (Art. 1, paragraphs 184-194, Italian Law no. 160 of 27 December 2019). | Super-amortisation is identified as the bonus relating to the fiscal discipline of amortisation, in relation to which the possibility of carrying out a maxi-amortisation on investments in tangible capital assets has been provided for. Following the consolidated activities in the previous Financial Statements, the Company was able to make use of a total IRES tax benefit of approximately €216,000, equal to 24% of €902,000 (tax decrease recovery). For the year 2020, the legislation was innovated, no longer with the provision of an extra amortisation in tax returns but a tax credit, to the extent of 6% of the investments in new capital goods intended for production structures located in the territory of the State, carried out in the period January-December 2020. The Company therefore carried out the analysis of the investments incurred by identifying a total tax credit of about €98,000 that can be used as compensation, starting from the year following that of the entry into operation of the asset, in five instalments of the same amount. |



Alcantara S.p.A. participates – through its membership fee and direct presence – in numerous associations and institutions in order to support business representation and benefit from association services.³

LIST OF ASSOCIATIONS OF WHICH ALCANTARA S.P.A. WAS A MEMBER AS OF 31 MARCH 2021

| | |
|--|---|
| AUSE (Association of Information Technology & System Users) | SMI Sistema Moda Italia (Federazione Tessile e Moda) |
| ASSOFIBRE | JAPANESE CHAMBER OF COMMERCE |
| ASSOLOMBARDA | JAPANESE SCHOOL |
| FEDERCHIMICA | ITALY-JAPAN FOUNDATION |
| CONFINDUSTRIA UMBRIA | UN GLOBAL COMPACT |
| NATIONAL CHAMBER OF FASHION | SOCIAL ACCOUNTABILITY INTERNATIONAL |

³ Alcantara S.p.A. has never made contributions for political purposes and there are no plans for future projects in this regard.





Highlights

- **85.7%** of personnel is employed on permanent contracts.
- **Since 2008**, Alcantara S.p.A. has had **SA8000® certification** (Social Accountability 8000) promoting respect for human rights and workers' rights.
- **Corporate welfare system including benefits and incentives** for workers.
- **73% more number of women** employees since 2013.
- Measures to **prevent** and **cope with Covid-19**.



3.1 Management Policies and Composition of Personnel

Alcantara S.p.A. is aware that people are the key to the success of its business. In fact, it is only thanks to the commitment, professionalism and skills of its employees that the Company is able to create economic, social and environmental value for the benefit of Alcantara S.p.A. and its stakeholders. A central element of the management approach is **accountability at all levels**, which takes the form of respect for roles, the relationship between manager and employee and the work of inter-functional teams.

PILLARS

Alcantara S.p.A. pursues the growth and motivation of all its personnel through:

- communication and sharing of corporate, individual and team objectives;
- control and feedback on the results obtained;
- teamwork and knowledge of business processes;
- the development of training plans aimed at professional growth on all levels;
- the implementation of remuneration policies that ensure internal fairness, competitiveness with the market and recognition of achievements.



Strategies are pursued through the definition of **annual operating plans** whose development are monitored through the system of corporate meetings.

As at 31 March 2021, Alcantara S.p.A. had **616 employees**, 95 of whom were at the Milan headquarters and 521 at the Nera Montoro (Terni) production plant and R&D centre.

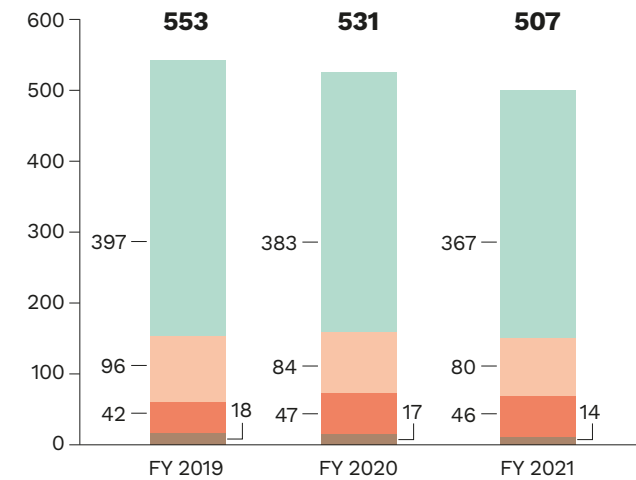
The average number of employees during Fiscal Year 2021 was 593, a decrease of 64 compared to the average number of employees in the previous Fiscal Year. In addition, there are 14 resources that operate through an employment agency, in order to ensure the necessary flexibility of the organisational structure.

| PERSONNEL | FY 2019 (AS AT 31 MARCH) | | FY 2020 (AS AT 31 MARCH) | | FY 2021 (AS AT 31 MARCH) | |
|---------------------------------|-----------------------------|------------|-----------------------------|------------|-----------------------------|------------|
| NUMBER | MEN | WOMEN | MEN | WOMEN | MEN | WOMEN |
| Blue-collar workers and interns | 397 | 29 | 383 | 29 | 367 | 25 |
| White-collar workers | 96 | 66 | 84 | 63 | 80 | 69 |
| Managers | 42 | 18 | 47 | 15 | 46 | 15 |
| Executives | 18 | - | 17 | - | 14 | - |
| % of total | 83% | 17% | 83% | 17% | 82% | 18% |
| | 666 | | 638 | | 616 | |

| PERSONNEL | FY 2019 | | FY 2020 | | FY 2021 | |
|-------------------------|---------|-------|---------|-------|---------|-------|
| PERMANENT VS. TEMPORARY | MEN | WOMEN | MEN | WOMEN | MEN | WOMEN |
| Permanent personnel | 425 | 98 | 438 | 94 | 450 | 96 |
| Temporary personnel | 128 | 15 | 93 | 13 | 57 | 13 |
| FULL TIME VS. PART TIME | | | | | | |
| Full-time personnel | 553 | 111 | 531 | 105 | 507 | 108 |
| Part-time personnel | - | 2 | - | 2 | - | 1 |



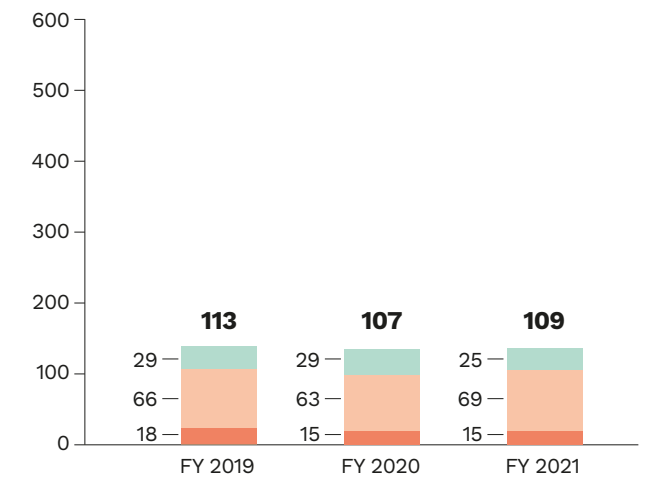
EMPLOYEES BY CATEGORY: MEN



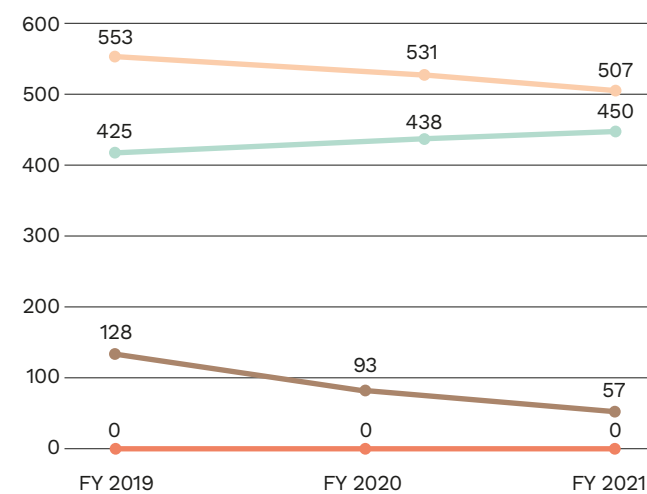
Blue-collar workers and interns White-collar workers Managers Executives



EMPLOYEES BY CATEGORY: WOMEN

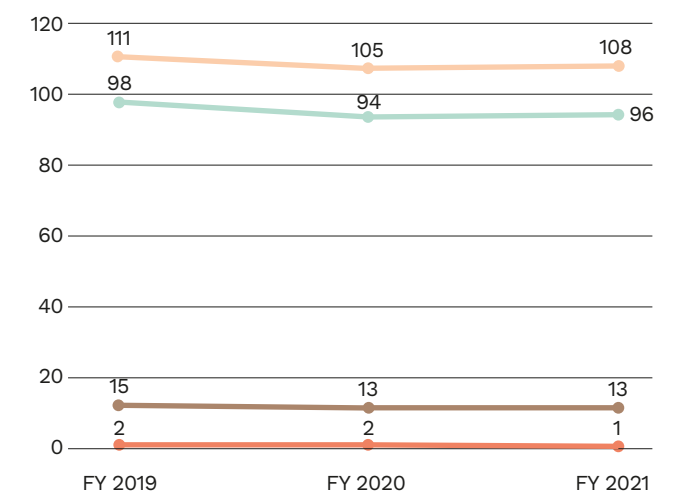


EMPLOYEES BY CONTRACT: MEN



Part-time Temporary Permanent Full-time

EMPLOYEES BY CONTRACT: WOMEN



In order to guarantee stability in employment, 85.7% of personnel have permanent contracts, while for the remaining 14.3% Alcantara S.p.A. met the flexibility requirements of employees, including through the use, in selected cases, of fixed-term contracts and temporary contracts, internships and external collaborations.

As for the origin of employees, the majority reside in the areas adjacent to the workplace. In fact, 91.5% of personnel at the production plant and

R&D centre in Nera Montoro live in the province of Terni, while 69.5% of the personnel working at the headquarters in Milan live in the province of Milan. In particular, it should be noted that 53% of senior managers (executives) live in the province of Milan, while 100% of senior managers in the industrial unit of Nera Montoro (TR) live in the province of Terni.

Overall, 71% of employees are between 30 and 50 years of age. The average age at the Milan headquarters

and at the Nera Montoro production plant and R&D Centre recorded a slight increase compared to the previous fiscal year, reaching 43.94 years for the headquarters (42.39 in Fiscal Year 2020) and 41.04 for the plant (40.33 in Fiscal Year 2020). Despite this, it remains clear that a significant percentage of personnel is still represented by employees over 50 years of age, who comprise 18% of the Company's population.



| NUMBER OF WORKERS | FY 2019 | FY 2020 | FY 2021 | BOARD OF DIRECTORS BY AGE GROUP |
|-------------------|---------|---------|---------|---------------------------------|
| <30 years old | 97 | 76 | 60 | - |
| 30-50 years old | 465 | 455 | 442 | 2 |
| >50 years old | 104 | 107 | 114 | 6 |
| TOTAL | 666 | 638 | 616 | 8 |

As can be seen from the tables below, during Fiscal Year 2021 Alcantara S.p.A. hired **67 new employees** (11 women and 56 men), 37% of whom are under 30 years of age, recording a **recruitment rate of 10.9%**, about 8% higher than the previous year. In line with this, the **termination rate in 2020 was 10.7%** due to the expiry of fixed-term contracts that affected the Nera Montoro site to a greater extent.

| RECRUITMENTS | | | | | | |
|--------------|---------|--------|---------|------|---------|-------|
| | FY 2019 | | FY 2020 | | FY 2021 | |
| | Number | Rate | Number | Rate | Number | Rate |
| Men | 72 | 13.02% | 16 | 3% | 56 | 9.1% |
| Women | 19 | 16.81% | 4 | 3.7% | 11 | 1.8% |
| Total | 91 | 13.66% | 20 | 3.1% | 67 | 10.9% |

| TERMINATIONS (TURNOVER) ¹ | | | | | | |
|--------------------------------------|---------|-------|---------|------|---------|-------|
| | FY 2019 | | FY 2020 | | FY 2021 | |
| | Number | Rate | Number | Rate | Number | Rate |
| Men | 19 | 3.44% | 36 | 6.8% | 58 | 9.4% |
| Women | 8 | 7.08% | 10 | 9.3% | 8 | 1.3% |
| Total | 27 | 4.05% | 46 | 7.2% | 66 | 10.7% |

| FY 2021 | RECRUITMENTS | | TERMINATIONS | |
|-----------------|--------------|-------|--------------|-------|
| | No. | Rate | No. | Rate |
| <30 years old | 25 | 4.1% | 24 | 3.9% |
| 30-50 years old | 39 | 6.33% | 31 | 5.03% |
| >50 years old | 3 | 0.5% | 11 | 1.8% |

¹ The figures do not represent the number of employees joining or leaving the Company during the year but the number of movements, and thus include cases in which an individual joined and left the Company more than once during the Fiscal Year. Such procedure complies with Italian Presidential Decree no. 1124 of 30 June 1965.

3.2 Incentives and Remuneration

INCENTIVE MEASURES

Through its policies and incentive and development tools, Alcantara S.p.A. aims to enhance and retain talents, as well as simultaneously attract new ones, focusing on the development and recognition of resources. To this end, additional interventions and improvements are defined with the aim of improving organisational measures and contractual automatisms, in order to enhance individual professionalism.

| NUMBER OF PEOPLE AFFECTED BY INCENTIVE MEASURES | | | |
|---|---------|---------|----------------------|
| TYPE OF INCENTIVE | FY 2019 | FY 2020 | FY 2021 ² |
| M.B.O. (Management by Objective) and one-off | 126 | 117 | 87 |
| Salary increase | 47 | 13 | 15 |
| Job classification | 84 | 97 | 75 |
| Total | 257 | 227 | 177 |

VARIABLE REMUNERATION

The variable remuneration system is linked to the achievement of economic and performance objectives defined at both individual and team level. This system makes it possible to evaluate the work of:

- senior management, all executives and key managers, who are included in an annual variable incentive plan linked to objectives, which takes into account the organisation's economic, social and environmental performance;
- managerial personnel assessed on the basis of the responsibilities managed within the manager-employee relationship.

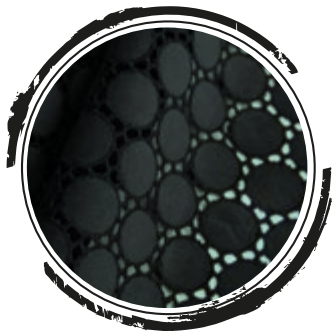
In addition, Alcantara S.p.A. provides one-off bonuses, paid to those who achieve higher results than the expected objectives. In addition, changes in job classifications are envisaged within the Company, as a result of growth and development paths.

ASSESSMENT SYSTEM

Over 96% of personnel underwent at least one performance assessment by their manager during Fiscal Year 2021. In addition, all personnel employed and operating in the plant and R&D centre, with the exception of those who are long absent or newly recruited, are systematically evaluated at each change of position and, in any case, at least once a year.

COMPARISON OF AVERAGE GROSS ANNUAL INCOME (GAI): GENDER RATIO

The ratio between the average gross annual income (GAI) received by women workers and the average GAI of men is 0.70 for executives and managers, 0.98 for white-collar workers and 1.00 for blue-collar workers. The salary paid to new hires corresponds to the minimum required by the national contract without distinction of gender. The ratio between the annual salary of the employee with the highest salary and the average salary is 5.32 and the ratio of the respective increases is equal to -0.3%.

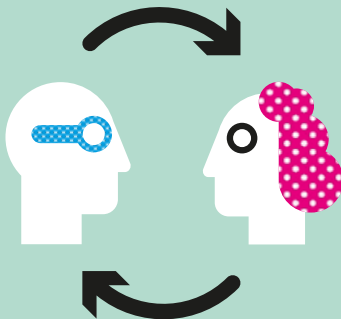


²Since March 2020, due to the pandemic and the consequent layoffs, one-off's interventions and changes in general have been stopped due to the general critical situation that has led the Company to a reduced production rate compared to previous Fiscal Years. For this reason, MBOs were mainly disbursed.

3.3 Industrial Relations

Maintaining constructive industrial relations to promote a climate open to discussions and cooperation is a characteristic element of Alcantara S.p.A.'s business management. In fact, the Company has been committed to building and consolidating a system of industrial relations involving all corporate levels over the years, promoting greater transparency and participation.

All employees are covered by National Collective Labour Agreements for workers in the chemical industry, chemical-pharmaceutical, chemical fibre and abrasives, lubricants and LPG sectors, which define the rules and procedures for managing trade union relations at the various levels of representation (national, territorial and corporate).



Meetings with Representatives

During Fiscal Year 2021, meetings have been agreed with the workers' representatives to communicate corporate decisions in advance and jointly define a number of proposals. The main topics covered were as follows:

- working hours** - agreements have been made for the definition of stopping periods in the production plant and closure of the headquarters;
- organisation of the production plant** - market trends and related production structures have been defined and shared periodically with the RSU, especially in relation to the strong impact of the pandemic on international markets with the consequent decrease in sales and production volumes;
- Covid-19 epidemiological emergency, reduction of work activity** - reduced moments of work activities were shared, agreeing on the criteria to ensure maximum personnel rotation. All the weeks affected prioritised the advance of the relative emoluments for employees, as well as the provision of prepayments and agreements on the use of accrued holidays and hours;
- proximity agreement** - by way of derogation from the regulations in force, this act made it possible to extend the duration of fixed-term contracts. The agreements signed resulted in 14 additional permanent hires, to which a further 10 stabilisations agreed for Fiscal Year 2022 will be added;
- training** - the training activity on IATF16949:2016 and Statistical Process Control for newly hired technical personnel was shared and subsequently carried out, as well as new ISO 45001 training for the creation of internal auditors and technical training on industrial automation. All the training interventions were designed in compliance with measures to limit and combat the spread of the Covid-19 virus;
- measures to prevent and cope with Covid-19** - numerous precautionary and organisational measures aimed at fighting the spread of the Coronavirus have effectively come into force. Chapter 1.10 provides a detailed look at Alcantara S.p.A.'s management of the pandemic.



Participation bonus

The agreement on the participation bonus for achieving corporate objectives was shared with the trade union representatives. The bonus was awarded in May 2021. The productive and economic results of this Fiscal Year 2021 have allowed a target of 40.24% compared to what was set, a result that is nevertheless appreciable in a Fiscal Year characterised by the strong impact of the pandemic on the international market. The agreement stipulated provides for the possibility of using part of the bonus on the online welfare platform, which allows employees to make use of services and choose between the various initiatives available.

3.4 Training and Professional Development

Proper Company development involves best enhancing the role of every employee within the organisation. For this reason, personnel training is a fundamental tool to promote, on the one hand, the growth and personal fulfilment of employees, and on the other, to contribute to the achievement of corporate results. Due to the spread of the Covid-19 pandemic, a training plan was created for both sites, favouring the provision of courses in e-learning mode and respecting the rules of the National Protocols regarding classroom and on-the-job training. During Fiscal Year 2021, 21,351 training hours were provided, of which 62% involved training courses for new hires.



TRAINING PLAN

Each year Alcantara S.p.A. proceeds to collect the training needs for each division, with the identification of the priority assigned to the individual courses requested.



TRAINING OPPORTUNITIES

All personnel levels are directly involved in actions and training plans in order to mark:

- induction into the Company;
- transfers to other positions;
- organisational changes and technological innovations that significantly alter professional content.



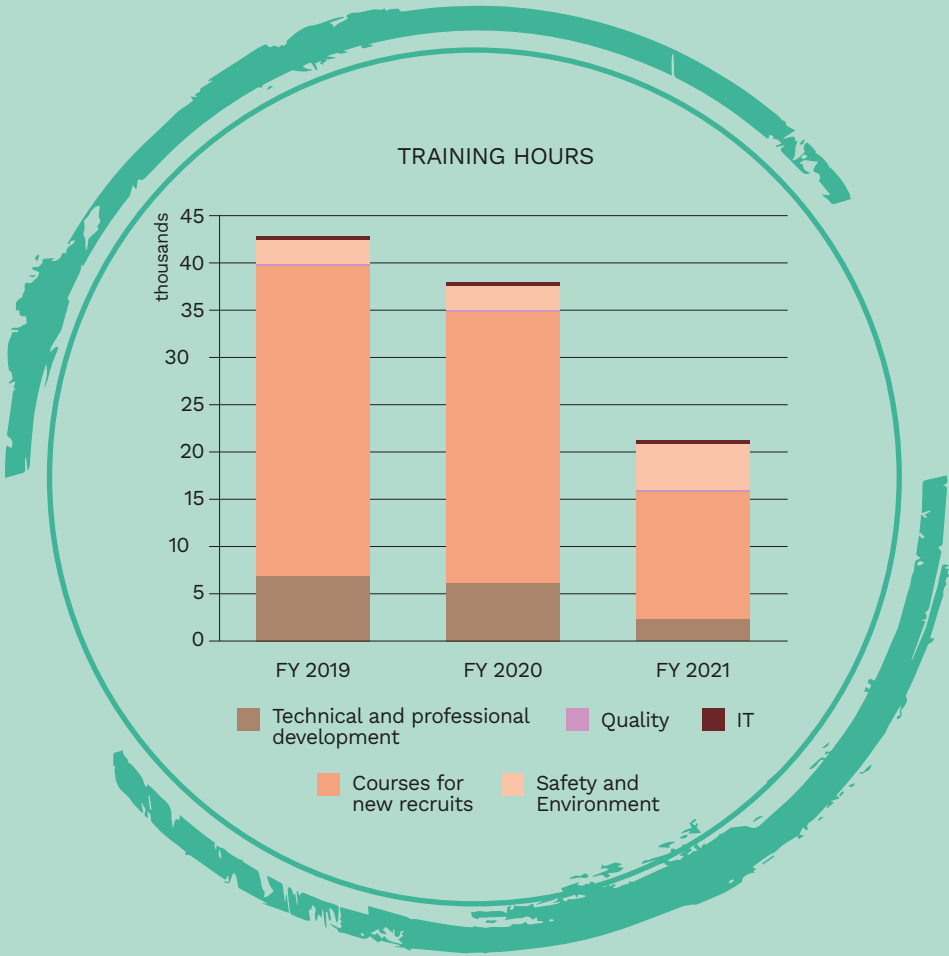
TRAINING QUALITY ASSESSMENT

Successfully providing efficient, sound training is one of the main goals of Alcantara S.p.A., which evaluates the effectiveness of the training provided through a learning test (for external courses and Environmental Safety Services) to be carried out at the end of the courses together with an assessment by the department head, who, within the annual assessment of performance of their employees, must also express an evaluation of the effectiveness of the training carried out for the resource.

| TRAINING QUALITY ASSESSMENT | | | |
|-----------------------------|--------|---------------------|------------|
| CATEGORY | GENDER | PERSONNEL EVALUATED | % OF TOTAL |
| Interns | Men | 8 | 89 |
| Interns | Women | 7 | 100 |
| Blue-collar workers | Men | 358 | 100 |
| Blue-collar workers | Women | 17 | 94 |
| White-collar workers | Men | 78 | 98 |
| White-collar workers | Women | 64 | 93 |
| Managers | Men | 44 | 96 |
| Managers | Women | 9 | 60 |
| Executives | Men | 13 | 93 |

It should be noted that some resources were not assessed during Fiscal Year 2021, as they had either just joined the Company or were absent due to parental leave or unforeseeable reasons related to the Covid-19 emergency.

| TRAINING PROVIDED | FY 2019 | FY 2020 | FY 2021 |
|---|---------------|---------------|---------------|
| Average hours per capita (hours/man) | 64 | 60 | 35 |
| Costs (€) | 72,519 | 24,969 | 31,544 |
| Total number of training hours provided, of which: | 42,305 | 38,272 | 21,351 |
| technical and professional development | 7,711 | 6,460 | 3,072 |
| courses for new hires | 31,752 | 28,960 | 13,309 |
| quality | 244 | 151 | 95 |
| safety and environment | 2,528 | 2,528 | 4,733 |
| IT | 70 | 174 | 128 |



| NO. OF AVERAGE TRAINING HOURS FY 2021 | NERA MONTORO | | MILAN | | TOTAL |
|---------------------------------------|--------------|-------|-------|-------|-------|
| | MEN | WOMEN | MEN | WOMEN | |
| Interns | 45.6 | 64.7 | - | 78.3 | 55.6 |
| Blue-collar workers | 44.3 | 20.3 | - | - | 43.2 |
| White-collar workers | 13.8 | 22.1 | 19.0 | 22.7 | 18.2 |
| Managers | 23.6 | 17.8 | 9.7 | 2.6 | 15.3 |
| External* | 4.9 | 0.8 | 23 | 2 | 4.9 |
| Executives | 45.5 | - | 5.0 | - | 7.9 |

* The external category includes employment contracts through agencies or external companies



3.5 Diversity and Respect for Human Rights



The predominant presence of male personnel within the Company reflects the general situation of the sector where Alcantara S.p.A. operates, in which men are traditionally employed to a greater extent than women. Despite this, Alcantara S.p.A. is constantly committed to **ensuring equal opportunities for all personnel and maximum inclusion within the Company**. This commitment is evidenced by the fact that there has been a 73% increase in female employees since 2013, reaching 109 women in the workforce in Fiscal Year 2021.

During Fiscal Year 2021, 108 employees of the Milan headquarters, the Nera Montoro plant and the R&D centre took parental leave (83 men and 25 women), approximately 29% more than the previous Fiscal Year, which saw the request for 84 leaves. Such leave consists mainly of maternity leave, leave to assist the disabled (Italian Law no. 104) and leave for fathers (compulsory and optional). Compared to what was previously calculated, Covid-related leave was also counted, in consideration of the provisions relating to the current health emergency situation. At the end of the leave period, all employees, except for maternity leave still in progress, returned to work.



PROTECTED CATEGORIES

In promoting greater inclusion within the Company, Alcantara S.p.A. offers job opportunities to those who fall under one of the protected categories according to current legislation. In Fiscal Year 2021, the number of persons belonging to protected categories was 7% of the total number of employees.

In support of this approach, Alcantara S.p.A. provides for the possibility of reporting any conduct contrary to the Code of Ethics or of potential risks in this regard, to the appropriate Supervisory Body, with the possibility of recourse, if necessary, to the workers' representative for the SA8000® system.

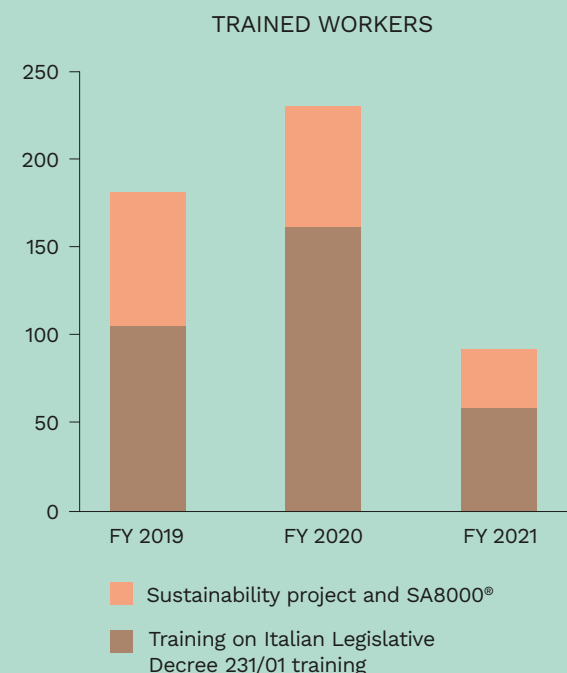
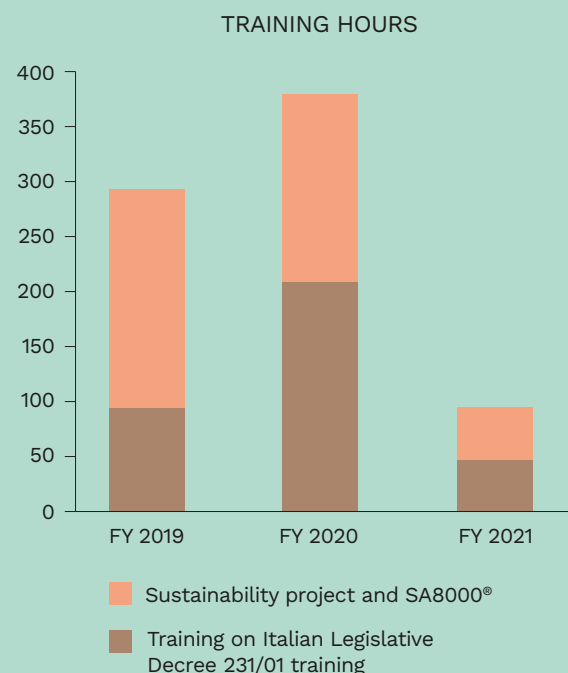
| PROTECTED CATEGORIES | FY 2019 | FY 2020 | FY 2021 |
|--|---------|---------|---------|
| No. of employees belonging to protected categories | 42 | 45 | 43 |
| % protected categories out of total employees | 6.3% | 7.05% | 7% |
| No. of Board members belonging to protected categories | - | - | - |
| % protected categories out of total Board members | - | - | - |



Since 2008, Alcantara S.p.A. has held the SA8000® certification (Social Accountability 8000) that testifies to the implementation of measures and procedures aimed at respect for human rights and workers' rights in the Company and in the value chain. In fact, as shown in the following table, all personnel are informed and

periodically updated on the principles and values of the standard, through training and meetings. There are dedicated training sessions for all newly hired personnel, during which a handout is provided illustrating the contents and principles of the SA8000® system.

| | TRAINING HOURS | TRAINED WORKERS | TRAINING HOURS | TRAINED WORKERS | TRAINING HOURS | TRAINED WORKERS |
|---|----------------|-----------------|----------------|-----------------|----------------|-----------------|
| | FY 2019 | | FY 2020 | | FY 2021 | |
| Training on Italian Legislative Decree 231/2001 | 95,5 | 104 | 210,5 | 160 | 48 | 61 |
| Sustainability project and SA8000 | 190,5 | 72 | 167,5 | 76 | 47 | 26 |



In support of Alcantara S.p.A.'s commitment to its personnel and attention to respect for human rights and sustainability issues, the total absence of episodes related to discriminatory practices and actions in compliance with human rights standards and practices for all areas of operation should be highlighted.

3.6 Health and Safety

As part of the health and safety of its employees, Alcantara S.p.A. has set itself the ambitious objective of reaching the threshold of "zero accidents" through the implementation of preventive measures, monitoring procedures and the provision of training courses that allow to protect worker well-being and improve safety conditions within the work environment.

This commitment has led to the certification of the health and safety management system according to the OHSAS 18001 standard, renewed in June 2018 and valid from October 2018 until 2021. A Migration Project for certification with the new standard UNI ISO45001 is underway and envisaged within September 2021. The number of workers directly involved in the health and safety system is over 41% of the workforce for the Nera Montoro production plant and 32% for the Milan headquarters.

| WORKERS INVOLVED IN THE HEALTH AND SAFETY PREVENTION SYSTEM | NERA MONTORO | MILAN |
|---|--------------|-----------|
| Total employees | 521 | 95 |
| Work permits | 140 | 2 |
| Supervisor | 123 | 24 |
| On call | 11 | - |
| SPP (Servizio di Prevenzione e Protezione - Health and Safety Department) | 3 | 1 |
| Emergency Team | 84 | 8 |
| Total personnel involved | 216 (41%) | 34 (35%) |
| Total positions held | 361 | 35 |



The management system adopted by Alcantara S.p.A. consists of a series of actions, now consolidated within the Health, Safety and Environment Policy, which contribute to keeping the "health and safety system" alive and dynamic by involving personnel at all levels. The most relevant activities in Fiscal Year 2021 were:

- **0 accidents project**, to minimise accidents;
- **TORAY Group Safety Summit and international audits**. In Fiscal Year 2021, for reasons related to the Covid-19 Pandemic, activities were carried out through remote meetings, guaranteeing project continuity to share best practices at group level;
- **working groups**: establishment of specific working groups for functional areas to develop broader participation of personnel in the correct identification, assessment and minimisation of risks and impacts on health, safety and the environment;
- **emergency teams** with equipment not required by law (fire-fighting vehicle, ambulance, infirmary with daily medical service and on call for 24 hours);
- readiness to **train personnel** of contractors (e.g., Italian Presidential Decree 177/11 - work in confined spaces, DUVRI, etc.).

Accidents are managed in accordance with the procedure "Accident reporting and analysis - near misses and accidents" (PSSA5.3A)³, entered into the OHSAS18001 certified SSA management system.

There were 2 accidents involving 2 men at the Nera Montoro plant in Fiscal Year 2021. The absenteeism rate for Nera Montoro, calculated as the ratio between absences from work (excluding holidays) and the total number of days worked, is equal to:

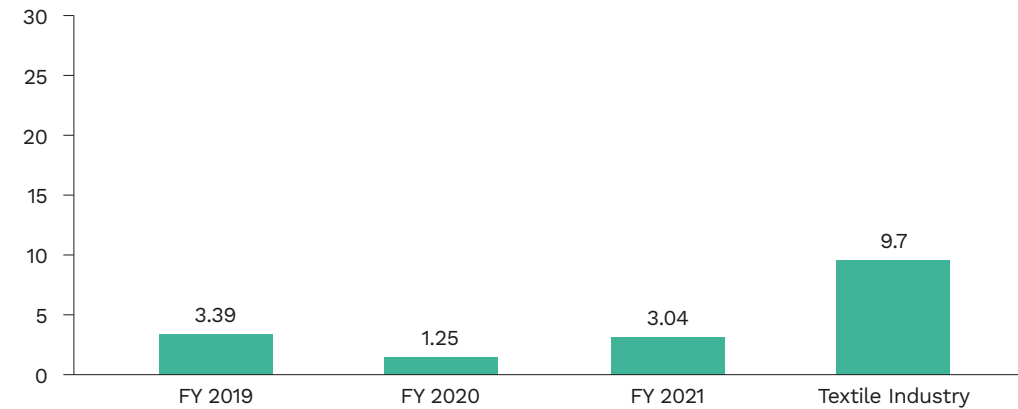
- 6.68% excluding the redundancy fund;
- 15.5% including redundancy fund days.

One minor accident involving a man was recorded at the Milan headquarters.

³ Such procedure complies with Presidential Decree No 1124 of 30 June 1965.

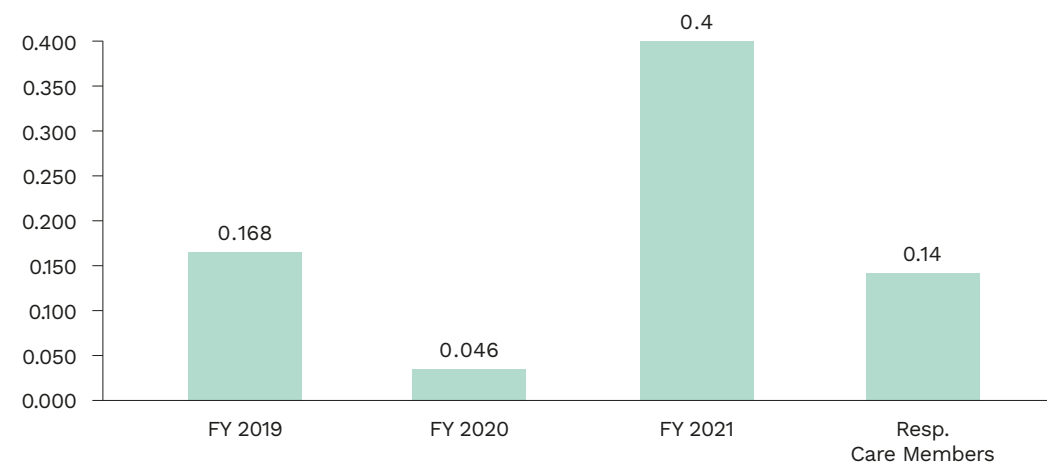


FREQUENCY INDEX*



*Source: 24th Responsible Care Report, Federchimica.
The total frequency index takes into account medical treatment without loss of working capacity. The formulas used to calculate the accident indices differ from those proposed by the GRI, in that they refer to one million hours worked instead of 200,000.

GRAVITY INDEX**



** Days lost due to accidents are calculated taking into account the day on which the accident occurred and shall be understood as calendar days. The formulas used to calculate the accident indices differ from those proposed by the GRI, in that they refer to a thousand hours worked instead of 200,000.

| EMPLOYEES | FY 2021 | | |
|---|----------|-----------|---------|
| | WOMEN | MEN | TOTAL |
| Accidents | | | |
| Injuries | - | 2 | 2 |
| Fatal accidents at work | - | - | - |
| Deaths as a result of accidents at work | - | - | - |
| Type of accidents (no.) | | | |
| Recordable accidents at work | - | 2 | 2 |
| Of which Accidents at work with serious consequences | - | 1 | 1 |
| Accidents en route | - | - | - |
| Occupational illnesses (no.) | | | |
| Cases of recordable occupational illness | - | 2 | 2 |
| Deaths due to occupational illnesses | - | - | - |
| Days absent (no.) | | | |
| Lost working days (accidents, strikes, illnesses - excluding holidays, leave, etc.) | 424 | 5,402 | 5,826 |
| Lost working days only due to accidents and/or occupational illness | - | 262 | 262 |
| Hours worked | | | |
| Hours workable | 113,689 | 861,337 | 975,026 |
| Hours actually worked | 80,546.5 | 657,360.5 | 737,908 |



| YEAR | NUMBER OF ACCIDENTS | | HOURS WORKED | | FREQUENCY INDEX | | GRAVITY INDEX | | RATE OF OCCUPATIONAL DISEASES | |
|---------|---------------------|-----|--------------|-----------|-----------------|-------|---------------|------|-------------------------------|-----|
| | WOMEN | MEN | WOMEN | MEN | WOMEN | MEN | WOMEN | MEN | WOMEN | MEN |
| FY 2021 | - | 1 | 78,510.5 | 81,655.64 | - | 12.25 | - | 0.02 | - | - |

| EMPLOYEES | FY 2021 | | |
|---|----------|-----------|------------|
| | WOMEN | MEN | TOTAL |
| Accidents | | | |
| Injuries | - | 1 | 1 |
| Fatal accidents at work | - | - | - |
| Deaths as a result of accidents at work | - | - | - |
| Type of accidents (no.) | | | |
| Recordable accidents at work | - | 1 | 1 |
| Of which Accidents at work with serious consequences | - | - | - |
| Accidents en route | - | - | - |
| Occupational illnesses (no.) | | | |
| Cases of recordable occupational illness | - | - | - |
| Deaths due to occupational illnesses | - | - | - |
| Days absent (no.) | | | |
| Lost working days (accidents, strikes, illnesses - excluding holidays, leave, etc.) | 67 | 170 | 237 |
| Lost working days only due to accidents and/or occupational illness | - | 2 | 2 |
| Hours worked | | | |
| Hours workable | 98,136 | 99,376 | 197,512 |
| Hours actually worked | 78,510.5 | 81,655.64 | 160,165.64 |



The Zero Accidents Project was created with the goal of establishing a set of measures capable of identifying possible actions for improving safety management beyond the requirements established by the current standards and achieving the “zero accidents” objective. In the past 15 years, starting from 2006, the project has undergone considerable technical-operational improvements, mostly due to the implementation of the following tools and measures:

- **Safety Policy** - every year, the Parent Company uses different resources to raise awareness on the subject of health and safety and to emphasise the importance of the policy currently in place;
- **Hyari-Hatto (accidents)** - the Parent Company sends accident reports of each company to all the Group companies. The main purpose is to enable the assessment of any similar situations and the proposal of specific preventive and protection measures according to the circumstances of each company;

- **Safety Patrol** - (office workers and middle management) and **Safety Shift Leader** (shift operators): internal verifications and inspections weekly or by shift. The three operators who distinguished themselves the previous year by the number of safety proposals presented have participated in the safety patrol team since 2014;
- **Safety Day** - (factory meeting open to all) and **Safety Dinner** (dinner with management): collective explanation of the main corporate events during the quarter and sharing corporate lines and projects with all plant employees;
- **Safety Proposal** - the aim is to improve safety, health and the environment through suggestions from employees, who are asked to find a suitable solution;
- **Injuries and Near Accidents** - reporting by employees of risk situations that could cause an accident;
- **Safety Shift Meeting** - meetings on safety for shift operators.

| ZERO ACCIDENTS PROJECT RESULTS | ACCIDENTS | NEAR ACCIDENTS | SAFETY PROPOSAL |
|--------------------------------|-----------|----------------|-----------------|
| FY 2019 | 13 | 103 | 329 |
| FY 2020 | 19 | 101 | 335 |
| FY 2021 | 13 | 53 | 279 |

| | FY 2021 NERA MONTORO | | |
|--|----------------------|-------|--------|
| | MEN | WOMEN | TOTAL |
| Total number of days lost due to accidents (calendar days, starting from the day after the accident) | 262 | 0 | 262 |
| No. of cases of occupational disease | 2 | 0 | 2 |
| No. of days of absence (absences exclude holidays, study leave, maternity/paternity leave) | 17,740 | 2,541 | 20,281 |
| No. of accidents at work with serious consequences (excluding deaths) | 1 | - | 1 |
| | FY 2021 MILAN | | |
| No. of days of absence (absences exclude holidays, study leave, maternity/paternity leave) | 101 | 217 | 318 |
| No. of accidents at work with serious consequences (excluding deaths) | - | - | - |

3.7 Internal Communication

In addition to the specific and professional skills that each employee possesses, it is important to create positive and constructive human and relational dynamics within the work environment. To create a proactive and stimulating working environment, Alcantara S.p.A. promotes various listening and dialogue activities with workers, in order to establish relationships of mutual collaboration between people, thereby increasing the sense of belonging and promoting the dissemination of the Company's values and culture.



- Intranet and Company's bulletin boards, with continuous updating and addition of employee communications in the new personnel management software;
- publishing activity on a six-monthly basis for the corporate newsletter Inside, distributed in paper form to all the personnel of the headquarters and the production plant.

To limit the spread of the pandemic, the following have been suspended in accordance with the provisions of the National Protocols:

- "Safety Day" and "Safety Dinner" for the Nera Montoro production plant;
- physical sharing events.



- Scholarships for employees' children;
- bonuses provided for the Zero Accidents Project;
- "Without barriers" bonus for disabled children of employees;
- loyalty bonus (seniority in Alcantara S.p.A.);
- intercompany crèche;
- corporate cafeteria;
- professional and extra-professional insurance;
- Fida co-financed fund for reimbursements for healthcare services;
- corporate health service protection;
- after-hours activities;
- on-call allowance;
- improvement of common areas and working environments;
- corporate welfare;
- insurance policy for Covid-19 coverage.

In addition, 15 scholarships were awarded to deserving students residing in the Municipality of Narni and an orientation activity was carried out for secondary school children in the territory (remotely).

Focus: workers' benefits

Alcantara S.p.A. grants all its personnel some additional benefits beyond what is established in the collective labour agreement in order to promote and increase the well-being of resources within the corporate context. The main benefits provided are described below.

- **Without barriers:** bonus established in 2016 for disabled children of employees;
- **loyalty bonus:** when an employee reaches 25 years' service, Alcantara S.p.A. awards him/her a bonus;
- **intercompany crèche:** the crèche facility continues for the eighth consecutive year, in conjunction with two other companies in the area surrounding the plant. The facility is open to children who are not children of employees but residents of the territory;
- **company cafeteria:** cafeteria with fixed overheads entirely borne by the Company. Employees only contribute a small percentage of the cost of the meal. In order to maintain the service in compliance with the National Protocol to limit the pandemic, additional measures have been put in place aimed at social distancing and sanitation of the canteens;
- **professional and extra-professional insurance:** in addition to the provisions of INAIL and as an extension to extra-professional activities, the Company takes out supplementary insurance for all the personnel affected;
- **Fida and Faschim:** through a payment of a minimum monthly fee, there is the option to join a fund co-financed largely by Alcantara S.p.A. that provides reimbursement for health services;
- **after-hours activities:** an annual amount made available to the Company for the organisation of

- cultural or sporting activities for employees and their families. In compliance with the National Protocols for limiting the spread of the pandemic, events with physical attendance have been interrupted;
- **corporate health service:** at the production plant in Nera Montoro, there is a health service active 24 hours a day, which has an ambulance and a defibrillator;
- **on-call allowance:** granted to personnel with emergency management roles and maintenance personnel;
- **improvement of common areas and work environments:** routine and extraordinary maintenance of green areas, the restyling of different offices and meeting rooms, also to reduce the risk of the spread of Covid-19 in line with National Protocols;
- **Alcantara S.p.A.'s welfare plan:** for the fourth year in a row, each employee has the right to choose whether to convert a portion or the entire participation bonus into welfare credits, to be used within the Company's web platform, to take advantage of goods and services in the field of health, sport and wellness, education, culture and entertainment, also for the benefit of his or her family members, whilst gaining a tax advantage at the same time;
- **Covid-19 insurance policy:** adoption, with a Company contribution, of the insurance policy for Covid-19 coverage, as an additional benefit to support all employees.





Highlights

- The **industrial development** of **products with a fibrous component** entirely made from **recycled materials** has begun.
- **Research and Development Centre** dedicated to the development and improvement of Alcantara S.p.A.'s products and processes.
- **Total net turnover equal to €133,181,000.**
- A **Chemical Substances Management System** has been implemented since 2016.

Fiscal Year 2021 Main Focus

VISION

- Taking and keeping strong commitment on Sustainability is a key point of Alcantara S.p.A.'s competitive strategy;

GROWTH

- Alcantara S.p.A.'s combination of corporate skills allows the Company to meet the needs of the market, and to propose cutting-edge solutions;

COMMUNICATION

- constant relations and dialogue with clients who are made aware of the results and objectives that the Company intends to promote;

PRODUCT SAFETY

- optimisation of the Product Safety Management System;

INNOVATION

- focus on circular economy and sustainable raw materials.

Related SDGs



4.1 Marketing Policy and Innovation

Despite the problems caused by the global pandemic in the last two years, Alcantara S.p.A. has continued to pursue its **commercial growth programme**, developing an increasingly innovative, sustainable and competitive product offering (e.g., complex manufacturing) and focusing on the diversification of international markets. In this regard, the Company has continued **to strengthen its sales area, consolidating the skills and tools** to support its commercial organisation, and to promote dialogue and relationships with clients in the portfolio and with prospects thanks to the work carried out by inter-functional corporate teams.

The combination of corporate skills made available to clients is an important competitive advantage in the sectors in which the Company operates. In fact, Alcantara S.p.A. is not only able to **meet market needs**, but also to propose cutting-edge solutions in terms of technical functionality, product customisation, special processing of materials, aesthetic finishes and creative choices.







POINTS OF ENGAGEMENT

Alcantara S.p.A.'s commercial action is guided by the following "Points of Engagement" representing the Company's commitment and approach and the essence of its positioning:

- **made in Italy:** a synthesis of Italian skills in making products using advanced technologies and maintaining craftsmanship in the workplace;
- **global brand:** development of the Alcantara® brand reputation worldwide and strengthening of the global approach to the market;
- **art, design and creativity:** the Alcantara® brand interprets a contemporary lifestyle, with strong connections to the world of art and design;
- **tailor-made approach:** the Company's ability to offer its clients highly customised solutions, for example the combination of style and technology;
- **sustainability:** continuous research and constant improvement of the balance between the economic, social and environmental dimensions.

The main business sectors in which Alcantara S.p.A. operates are:

- automotive (83%) 
- fashion and accessories (7%) 
- consumer electronics (6%) 
- interiors, contract, marine and aviation (4%) 

| DESCRIPTION (€/000) | FY 2019 | FY 2020 | FY 2021 | CHANGE (Δ FY 2020-21) |
|---|----------------|----------------|----------------|--------------------------|
| Turnover from finished product | 199,714 | 198,891 | 131,753 | (33.8%) |
| Turnover from by-products and other materials | 1,068 | 1,260 | 1,428 | 13.3% |
| TOTAL NET TURNOVER | 200,782 | 200,151 | 133,181 | (33.5%) |

| DESCRIPTION (€/000) | FY 2019 | % | FY 2020 | % | FY 2021 | % | CHANGE (Δ FY 2020-21) | |
|---------------------------|----------------|-------------|----------------|-------------|----------------|-------------|--------------------------|--------------|
| Italy | 10,925 | 5.4% | 9,504 | 4.7% | 7,783 | 6% | (1,720) | (18%) |
| EU | 118,078 | 58.8% | 131,021 | 65.5% | 65,923 | 49% | (65,098) | (50%) |
| Extra-EU | 71,779 | 35.7% | 59,626 | 29.8% | 59,475 | 45% | (151) | 0% |
| TOTAL NET TURNOVER | 200,782 | 100% | 200,151 | 100% | 133,181 | 100% | (66,970) | (33%) |



The results of Fiscal Year 2021 were clearly strongly influenced by the pandemic context that affected the reference market worldwide. This scenario shows a decrease of 33% in total turnover, with the greatest impact on the EU market in general and especially on the German market, although attenuated by a significant recovery in the second half of the

Fiscal Year just ended which allowed to mitigate the severe effects of the first half.

It should be noted that, due to the recent Brexit, in Fiscal Year 2021 the United Kingdom is displayed in the Extra-EU area. For more information, the data are provided for a comparison of the three-year period.

| DESCRIPTION (€/000) | FY 2019 (EU) | FY 2020 (EU) | FY 2021 (Extra-EU) |
|---------------------|--------------|--------------|--------------------|
| United Kingdom | 2,494 | 1,802 | 1,566 |

| DESCRIPTION (€/000) | FY 2020 | FY 2021 | CHANGE (Δ FY 2020- 2021) | |
|---------------------|---------|---------|--------------------------|-------|
| Germany | 94,144 | 34,036 | (60,108) | (64%) |
| France | 10,033 | 7,891 | (2,142) | (21%) |
| Portugal | 7,406 | 8,352 | 946 | 12% |
| Spain | 4,172 | 3,722 | (450) | (11%) |

In the Extra-EU area, the Chinese market share is 46% (40% the previous Fiscal Year), while the US market is 14%. Below is a representation of sales in the BRICS area.

| BRICS AREA TURNOVER (€/000) | | | | |
|-----------------------------|---------------|---------------|---------------|-----------------------------|
| Country | FY 2019 | FY 2020 | FY 2021 | CHANGE (Δ FY 2020- 2021) |
| Brazil | 12 | - | - | - |
| China | 33,643 | 24,028 | 27,282 | 3,254 |
| Russia | 816 | 999 | 812 | (187) |
| India | 9 | - | 6 | 6 |
| South Africa | 2 | 9 | - | (9) |
| TOTAL | 34,483 | 25,036 | 28,100 | 3,064 |

AUTOMOTIVE



Maserati MC20



The automotive sector represents the main business area in which Alcantara S.p.A. operates.



In recent years, the global automotive industry has undergone strong change due to the growing demand for more sustainable and environmentally friendly solutions, given the importance that the issue of fighting climate change is taking on globally. To meet the needs of an industry that is increasingly attentive to implementing sustainable measures to reduce emissions from cars, the sustainability approach promoted by Alcantara S.p.A., and in particular Carbon Neutrality, becomes a fundamental point of the Company's commercial offer. In fact, the offer is based on increasingly lightweight, low-consumption models and "green" propulsion solutions (hybrid or totally electric) which do not impact the carbon footprint of the cars in which they are used.



- **Elegance and sportiness**, which allow Alcantara® to be associated with elegant cars - for example luxury saloons - or with sports equipment - in high-performance cars;
- **lightness**, which helps automotive manufacturers to reduce the weight of cars and thus achieve their performance and sustainability goals;
- **made in Italy**, which guarantees safety and reliability, as Italian producers must apply strict rules;
- **versatility and ability to offer tailor-made and cutting-edge solutions** which allow a high level of product customisation and, consequently, a precise presentation depending on the car model and the version for which Alcantara® is selected;
- **brand**, a distinctive element, whose value is a common goal for Alcantara S.p.A. and the big car brands;
- **Carbon Neutrality**, which means having a net balance of CO₂ emissions equal to zero.



Alcantara S.p.A. bases its success on the following elements:

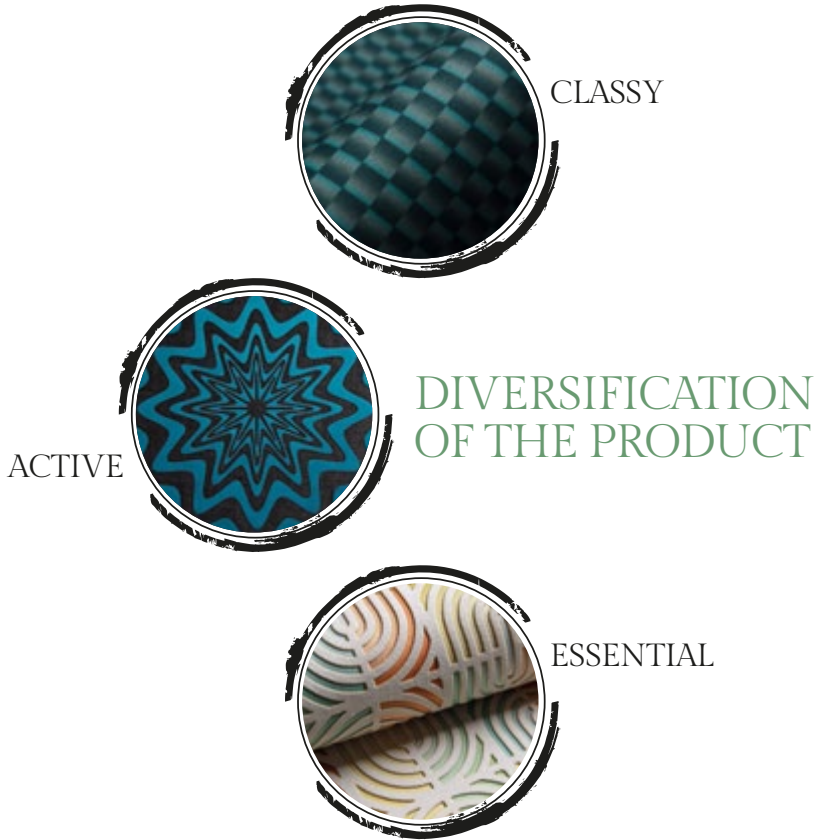
- uniqueness and versatility of the material, characteristics that are found both in the softness and resistance of the material and in the numerous production processes that allow it to be adapted to the client's needs;
- the brand as a synonym of extraordinariness and beauty;
- the Company's Italian spirit is reflected in product taste, creativity and design, and the combination of craftsmanship and technology that allows for a high degree of product customisation, ensuring that clients are always offered cutting-edge solutions with aesthetic, technical and sensory qualities;
- proximity and support of the design community;
- the strong commitment on sustainability.



In Fiscal Year 2021, the Company continued to cultivate relations with its most important clients mainly remotely, due to the Covid-19 emergency. Despite the difficulties dictated by the historical period, Alcantara S.p.A. has nevertheless been committed to promoting and enhancing its business sustainability and promptly transmitting the same to its clients thanks also to the work carried out with OEMs

(Original Equipment Manufacturers) who have supported the Company in communicating the extraordinary quality, particularity and value of Alcantara® interiors. With an eye to the future, further in-depth studies on the subject are planned, considering that the automotive market is increasingly oriented towards sustainability and aims to involve and raise awareness in the supply chain.

A key element of the stylistic proposition for the automotive market is represented by the presentation of the **Automotive Concept Book**, a collection of complex proposals aimed at diversifying products, orienting different levels of positioning and developing the use of consolidated technologies, either through the use of new and avant-garde processes or through the combination of Alcantara® with innovative or unique materials.



The Automotive Concept Book was created and presented to the market during Fiscal Year 2021, in the three dossiers Classy, Active and Essential, whose common denominator is attention to sustainability. Each notebook reflects the lifestyle, soul and personality of the client in its

colours, workmanship and patterns, under the banner of the material's extreme versatility, which transforms every creative suggestion into reality. Despite the objective critical issues associated with the pandemic emergency situation, which made it possible to organise a direct meeting

with a client on only one occasion, the Concept Book was successfully presented remotely to 45 Design offices. A multimedia presentation available to clients on the website was also created in order to allow them to review what was presented and choose the samples of interest.

FASHION AND ACCESSORIES

Alcantara S.p.A.'s collaboration with Lanvin en Bleu, Special Capsule Collection A/W 2020/21



MARKET FEATURES

Again in Fiscal Year 2021 Alcantara S.p.A.'s clients in the fashion division are confirmed as the superior European luxury fashion brands for accessories, clothing and footwear. The main market is Europe, in particular France and Italy, where the major global fashion houses operating in the luxury sector are concentrated.

BENEFITS OF ALCANTARA®

- **Product customisation** that allows to elaborate exclusive and sophisticated solutions, fulfilling the technical and design requests of the different clients. In fact, Alcantara S.p.A. can adapt to any shape and surface in compliance with the strictest industry standards;
- ability to propose **unique solutions** thanks to the particular textures and weaves of the material that allow to create refined and stylish combinations;
- **sustainability** as a fundamental pillar of production processes. Sustainable practices are becoming increasingly important for fashion brands and end-consumers. In particular, several large groups in the luxury sector have announced that they want to pursue the path of carbon neutrality, a path undertaken by Alcantara S.p.A. since 2009;
- **value of the Alcantara® brand**, recognised and appreciated by the most established luxury brands as it provides additional value to the finished products.

MANAGEMENT APPROACH

The approach to this market is essentially through direct contact with the main fashion & accessories brands, and is sometimes supported by a network of agents who ensure constant coverage of the area.

FOCUS: ALCANTARA® FINISHED PRODUCT COLLECTION

Alcantara S.p.A. continues on its path of aesthetic and sensorial research, creating capsule collections of finished products always at the forefront of innovation and sustainability, confirming itself as a privileged partner of the world of creativity. The collections are the result of collaboration with international brands and designers and celebrate the versatility of Alcantara® as the material of the future that has revolutionised the contours of modern style more than any other.

CONSUMER ELECTRONICS



T1 & T5 by Beyerdynamic



The clients of the consumer electronics division are the world's leading OEMs operating in the mobile, personal computer, audio, video and photo equipment sector and the main manufacturers of specific accessories in the sector. During Fiscal Year 2021, strongly characterised by the pandemic, the Company nevertheless approached new segments in the sector, for example gaming, and nourished collaborations with other actors in the production of personal computers positioned in the premium segment of the market.



Technological products in Alcantara® are typically accessories characterised by a high design content or functional components, associated with a high aesthetic impact.



The versatility of the material, which successfully combines tradition and innovation, gives rise to infinite applications of the product that lends itself to innovative creations also in the consumer electronics sector. Moreover, thanks to its versatility, Alcantara® guarantees a high degree of customisation of the finished product according to the client's needs and is able to adapt to the most varied production techniques requested by the same clients. The investments made to strengthen the brand's global reputation and Alcantara S.p.A.'s strong focus on sustainability complete the picture of the benefits perceived by the market.



Direct contact:

- with all major OEMs in the sector and manufacturers of specific accessories (technical, purchasing and marketing departments and design centre);
- with system suppliers for project development and as support in the use of Alcantara® in their production process.

Through intermediaries:

- possibility to serve non-OEM clients for accessory production.

NEWS FOR FISCAL YEAR 2021

Alcantara S.p.A.'s main clients and prospects in this sector are moving towards an increasingly sustainable policy, in line with developments in the market. Several of them have announced that they hope to develop plans to achieve carbon neutrality and have made increasing investments in environmental protection. In fact, circular economy is imposing great innovations on the product and not only on the process, and the Company is investing resources to implement product solutions in line with this megatrend.

INTERIORS, CONTRACT, MARINE AND AVIATION



Alcantara® interiors - photo: Andrea Ferrari



Alcantara S.p.A.'s clients in the interiors, contract, marine and aviation sectors are on the one hand the most important manufacturing companies, and on the other are the distributors operating in countries with a high potential market.



The contract market (public spaces, hotels, shops, etc.) is controlled both through contacts with architecture and design studios and through specialised furniture manufacturers. Clients in the marine sector are both shipyards for large vessels and the most important brands for the production of pleasure boats. On the other hand, with regard to the development of the aviation market, Alcantara S.p.A. deals with design studios, airlines and component and seat manufacturers.



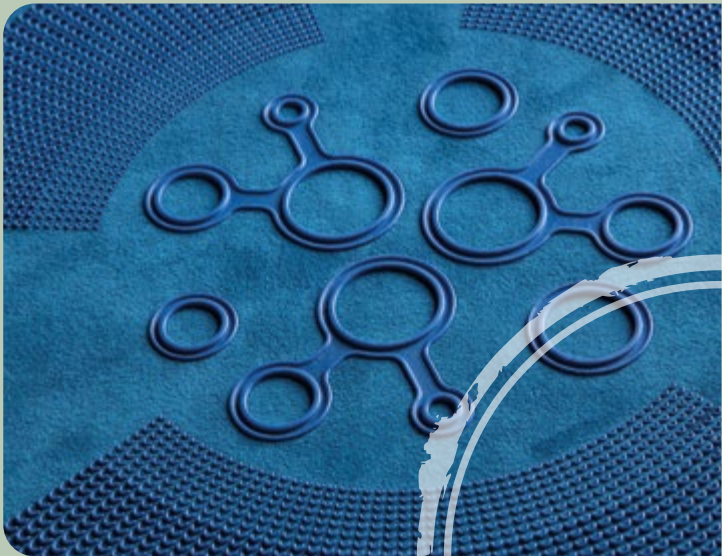
- **Brand awareness** and aesthetic, sensory and functional characteristics of the product;
- **the uniqueness of the tailor-made offer** and the values associated with the brand, in particular "Made in Italy", represent the strengths in non-European countries;
- **possibility to change the material's appearance** using specific technologies that change the surface while keeping the functional characteristics almost completely the same supports the development of collections that enrich the basic product line and stimulate designers' interest to experiment;
- **breathability, colour fastness and resistance to marine and atmospheric agents** are strengths in the marine sector;
- **lightness and resistance** are among the most appreciated advantages in the aviation sector, as they allow sector operators significant savings in terms of weight, consumption and durability;
- **sustainability**: increasingly important for consumers and for many producers who are creating sustainable lines.



The approach to the market is both indirect and direct through distributors or agents. As part of the direct approach, visits to key clients are also carried out with an inter-functional team consisting of account managers, design, research and communication.

Communication, Dialogue and Satisfaction

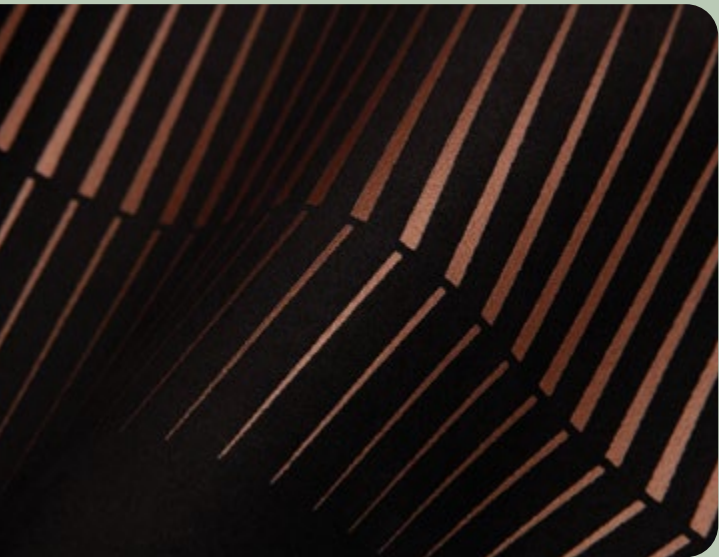
The customer experience offered by Alcantara S.p.A. places the client and his or her well-being at the centre of both internal production processes and marketing and communication processes, creating innovative and personalised solutions and optimising programmes dedicated to support and communication with the end user. In this context, the Company has developed **a method of measuring the overall level of client satisfaction** with the aim of identifying specific areas and elements of improvement to focus on in the future.



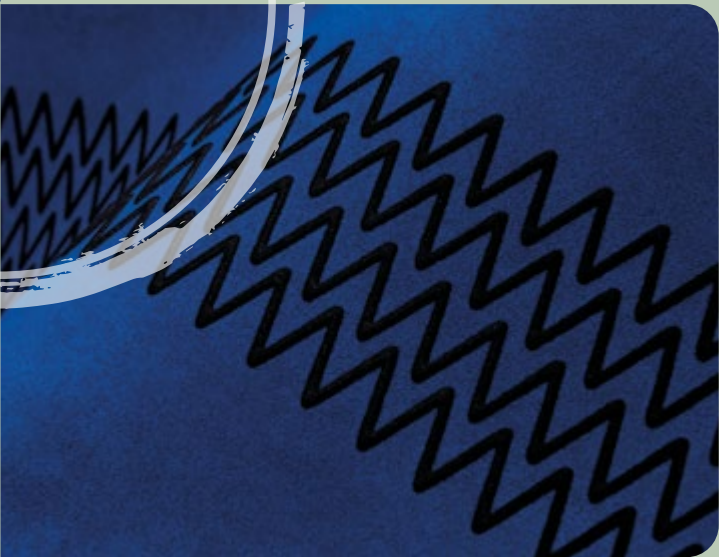
This evaluation process is accompanied by a series of direct meetings with the clients to analyse their needs. The two main activities in this area are:

- **technical meetings** with the aim of identifying product or application requirements in order to develop tailor-made solutions;
- **stylistic meetings** that start with the presentation of ideas and materials and then, based on specific needs, develop tailor-made solutions.

The dialogue with the client results in a process of continuous improvement of procedures, interfaces and response times.



The analysis is conducted through the critical evaluation of qualitative performance indicators (complaints, service level, client assessment reports) and through a careful examination of cases of failures (things gone wrong) involving area managers, project managers, product development and quality personnel.



During Fiscal Year 2021, the impossibility of travelling to many destinations due to the pandemic emergency situation was obviated by increasing the frequency of video conferences with clients and using multimedia tools to present the collections, mainly for the fashion and automotive sectors.

4.2 Product Sustainability and Safety

For Alcantara S.p.A., Made in Italy is synonymous with quality, value, safety, cutting-edge technology, attention to style and design, respect for human rights and the strictest EU standards in terms of environmental impact, and production process. This is demonstrated by the fact that Alcantara® meets

clients' supply specifications and has the certifications required by the reference markets. In order to meet the growing demands in terms of ethical, social and environmental respect, Alcantara S.p.A. has implemented a voluntary path of responsible management.

- The Alcantara® product has been **Carbon Neutral since 2009**, meaning it has a net zero greenhouse gas emissions balance, including not only the production process, but also the use and disposal phases of the product itself. Alcantara S.p.A. was the first Italian company and one of the first companies in Europe to reach this goal in 2009, reaching the twelfth consecutive year of carbon neutrality in Fiscal Year 2021.
- Since 2013, a significant share of the steam and electricity used by the production site have been produced by an innovative and energy-efficient (eco-friendly) cogeneration plant. In Fiscal Year 2019, a new trigeneration plant started, and a second cogeneration plant is being built which is identical to that built in 2013.
- Exploratory projects were launched in Fiscal Year 2021 to evaluate the use of renewable fuels mixed with natural gas, in the short term and in a future 2030-2050 scenario.
- Also in 2013, Alcantara S.p.A. launched a project aimed at further reducing the environmental impacts and energy consumption of the production process through the development of a new process based on alternative raw materials and newer generation technologies. The intense research activity, supported by a dedicated working group, led to the industrialisation of the new product in 2015 and its introduction on the market from 2016. Product diversification is underway in order to obtain approval from new clients, also in applications with stricter technical requirements, allowing the production volumes of this variant to increase.
- For some time now, Alcantara® has been available in variants that use up to 25% post-consumer recycled raw materials in weight. During Fiscal Year 2021, the industrial development of products with a fibrous component entirely made from recycled materials began, favouring the use of materials from direct post-consumer recycling processes, capable of both avoiding adding waste to landfills and substantially reducing the impact in terms of carbon footprint compared to similar virgin materials. Textile supports made entirely from **recycled raw materials** have also been introduced in all the applications that involve laminating the Alcantara® product with a textile substrate or using an internal scrim (car seats, padded furniture and the like).
- The product variant made with fibre from **partially bio-based raw material** was industrialised, in turn coming from waste that would otherwise have been destined for landfills. The product is already available for sale in most markets and will gradually replace some of the products made with virgin raw materials.
- From a technical point of view, the Alcantara® product can be recycled at the end of its life cycle in "down-cycling" processes aimed at the production of non-woven fabrics, insulating panels or reconstructed foams, although such processes would require a centralisation of the separation and collection process, which is not yet sufficiently widespread. In order to make recycling more efficient, also allowing the recovery of heterogeneous materials, the Company has launched a research and development plan on several levels which is aimed at the recovery of waste and of the product at the end of its life cycle in order to create alternative materials or for the reproduction of the raw materials of origin, despite the heterogeneous composition of the starting products. For the first time, polyester granules were made from product waste, with characteristics suitable for use in production.

In light of the attention that Alcantara S.p.A. dedicates to the health and safety of consumers, information about its products is precise and prioritised:

- the **Oeko-Tex label** guarantees to the final consumer that there is no risk to human health¹, including in cases where the use of the product involves direct contact with the skin;
- for several years now, Alcantara S.p.A. has applied corporate measures for the preliminary assessment of the specific impacts on product safety intended for the various reference markets. These measures also take into consideration the applications foreseen by clients, the specificities of the marketing country and the stricter international protocols;
- when defining the technical specifications for the supply, or in the stipulation of the contract, Alcantara S.p.A. **provides the client with all the information relating to its products** (composition, cleaning instructions, care and maintenance over time, characteristics, etc.) and the related training necessary for its proper use;
- the Company's commitment to the elimination of potentially hazardous substances from production processes continued in Fiscal Year 2021, which is based on the Chemical Management System (CMS) implemented following the guidelines defined by the **ZDHC-Zero Discharge of Hazardous Chemicals programme** and the 4Sustainability protocol, involving the supply chain in the reduction of potentially hazardous chemicals;
- Alcantara S.p.A. successfully applies on industrial scale an original, patented, industrial dyeing technology that reduces the use of dyes and the resulting impact on wastewater, while increasing product performance;
- in order to further reduce water consumption, two new plants were installed during Fiscal Year 2021 for the treatment and recovery of wastewater from the dyeing plant:
 - the first dye discharge, which is the most concentrated, is treated through a plant that enhances biological treatment compared to a traditional plant, thus minimising the consumption of chemical products;
 - the last discharge, consisting of rinsing water, is treated through an appropriate system of membranes and resins and then, once purified, reused directly in the same dyeing process, decreasing the withdrawal of fresh industrial water.

¹ In accordance with the international Oeko-Tex Standard 100 protocol.



Research and Development Centre and New Products

Alcantara S.p.A. **invests annually between 3% and 5% of its turnover in research** and has a **unique Research and Development (R&D) Centre** in Europe, dedicated to the development and improvement of its products and processes.

Product development and customisation activities are implemented through the use of **on demand** logics, aimed at satisfying the specific needs of clients and reference markets, and **on proposal** logics, aimed at offering new exclusive solutions, capable of stimulating the creativity of the client through the development of collections and concept books for the different reference markets.

The structures, technologies and skills of the Customer Innovation Centre and the R&D Centre, developed with the aim of designing new products and production processes, working on the material characteristics and providing ad hoc application solutions, have been completed with an internal **Complex Manufacturing** department capable of guaranteeing an immediate response to the design needs of a client's special series, ensuring a high degree of customisation.

Where the usual supply chain is not able to satisfy the production needs of special, highly complex ranges, Alcantara S.p.A. takes control of the different phases, from stylistic development to technological development, up to the creation and delivery of the finished product to the client.

In Fiscal Year 2021, the Complex Manufacturing production capacity was significantly enhanced through the acquisition of new buildings, new equipment and an increase in the number of employees.

Also during Fiscal Year 2021, and in line with the objectives of sustainability and circular economy, new generations of products were developed with the use of increasing **bio-based raw material** and **recycled material content**, focusing attention on recycled materials originating from postconsumer wastes. A **certification process** has also been launched with the aim of guaranteeing the origin and content of recycled raw materials to the consumer.





 Browse the interactive report on
sustainabilityreport.alcantara.com

Highlights

- New website **www.alcantara.com**.
- Steady growth on traditional media and investments in digital communication.
- Support of **4 Certified and Verified Offsetting Projects** to improve the health and social conditions of people in the most disadvantaged areas of the world.
- Continuous **collaborations with universities** throughout the Country.

5.1 Management of Relations with the Community

Alcantara S.p.A. has always been attentive to responsible and continuous dialogue with the community and to being sensitive to the sustainable development of the business in the territory, seeking the collaboration of neighbouring communities.



CONTRIBUTIONS GRANTED

During
Fiscal Year 2021
Alcantara S.p.A. granted approximately

€113,000

to the community in the form of donations and contributions. The sum has been distributed among the four main areas to which Alcantara S.p.A. intends to contribute (see chart in Chapter 2, Paragraph 2.1).



Focus: Local Community Initiatives

- **Scholarships:** in Fiscal Year 2021, Alcantara S.p.A.'s commitment to education continued with 36 scholarships offered, 15 of which were awarded to the most deserving students residing in the municipality of Narni and 21 awarded to the children of Alcantara S.p.A. employees in accordance with the procedures defined in a specific tender;
- **Training for schools:** activity has been considerably reduced compared to the past due to the ongoing pandemic. There were six internships in the plant in Fiscal Year 2021, all with newly graduated staff. An orientation webinar was also held for the students in class number 4 at Gandhi High School in Narni Scalo, illustrating some professional roles in the company, with a discussion among the students and the graduates hired to work in our Company;
- **Sharing events:** due to the pandemic, it was unfortunately not possible to set up the usual occasions for meeting each other and sharing.



Alcantara S.p.A. also plays an important role in communities where CO₂ emissions offsetting projects are located: these projects implemented in the poorest, most disadvantaged and underdeveloped areas of the world, are aimed at generating energy from renewable sources, spreading a culture which is aware of sustainability and improving social conditions (health, work, education, etc.) of the populations involved.

Consistent with the previous Fiscal Years, Alcantara S.p.A. has financed four **Certified and Verified Offsetting Projects**, validated and proved by an accredited third party, which contribute to improving the conditions of the planet in an economic, social and environmental sense.



5.2 Communication and Events

ALCANTARA® LIFESTYLE

Alcantara S.p.A. concentrates efforts on providing a format of corporate events aimed at presenting the Company in its entirety and highlighting the brand in its many facets. Alcantara® is a **global lifestyle brand** with different application platforms (automotive, fashion and accessories, consumer electronics, interiors, contract, marine & aviation), all belonging to a unique platform of luxury living.

Alcantara® is the **material of the future** because it incorporates some of the most known and competitive mega-trends:

- intersection between technology, functionality, emotions;
- customisation;
- sustainability.



During Fiscal Year 2021, Alcantara S.p.A. consolidated its communication strategy in the global lifestyle world through the work of its **four press offices in Italy** and the **eight** distributed **worldwide** (USA, France, Germany, China, Japan, UK, Russia and South Korea). In fact, through public relations and media relations agencies, from 1 April 2020 to 31 March 2021, the Company counted:

- 154 press releases and distributed as follows:
 - ◊ 40 in Italy;
 - ◊ 18 in Japan;
 - ◊ 14 in the USA;
 - ◊ 15 in the UK;
 - ◊ 12 in Germany;
 - ◊ 14 in France;
 - ◊ 16 in China;
 - ◊ 10 in Russia;
 - ◊ 15 in South Korea.
- 1 organised press conference (Milan) and 2 online press conferences with the English and Italian press.
- 1 media trip to the production plant by the Italian press.
- 59,362 editorial publications on all reference newspapers worldwide, offline and online.

Alongside communication through traditional media, Alcantara S.p.A. implemented its digital editorial calendar taking advantage of its existing social profiles: Facebook, Twitter, YouTube (international channel and Japanese channel), Instagram, and LinkedIn; for China, Weibo, Youku and WeChat.

At 31 March 2021, the Alcantara's social channels have the following audience:



f Facebook:
120,374 fans

ig Instagram:
19,563 followers

tw Twitter:
4,437 followers

in LinkedIn:
5,157 followers

we WeChat:
18,593 followers

weibo Weibo:
17,448 followers

yt YouTube:
838,233 views

yt YouTube (Japanese):
7,150 views

YOUKU: the channel decided to hide its followers in January 2019.

The Company also presented the new website www.alcantara.com with a new digital identity, renewing the site's structure and design to create an innovative experience that can fully convey the brand's values.



Communication also becomes an important tool in the commercial relationships that Alcantara S.p.A. maintains with its stores and clients. The objective is to make the brand's values, image and reputation clear through the use of specific tools, such as the Alcantara® vocabulary, colour folders, technical data sheets and dedicated leaflets.

In this context, participation in **industry events and fairs** is also crucial, providing an additional means of communication which allows the Company to highlight the quality and versatility of its products and simultaneously increase brand visibility through the set-up of the stand and the provision of information and press materials created ad hoc. During these events, the Company is committed to conveying a clear and coherent brand image to interlocutors, documenting its commitment to base its business on solutions that are innovative and at the same time sustainable.

Participation in fairs and exhibitions in Fiscal Year 2021

AUTOMOTIVE

Due to the outbreak of Covid-19, most of the main international auto shows were cancelled or postponed. Only the **Beijing Motor Show** took place, which saw Alcantara S.p.A. dress cars from the Asian world as well as international brands.

Generally, the Company does not participate in auto shows as an exhibitor, but directly attends press and trade days through its own sales, marketing and communication staff.

FASHION

For reasons related to the global pandemic, almost all of the major fashion fairs were cancelled or postponed. Nevertheless, Alcantara S.p.A. presented its own fashion collection **F/W 2021/22** and **S/S 2022**.

Furthermore, during Milan Fashion Week, Alcantara S.p.A. unveiled the new completely Made in Italy **partnership with the well-known streetwear brand GCDS** for the F/W 2021/22 men's and women's collection.

ART, DESIGN AND CREATIVITY

Due to the Covid-19 pandemic, most of the events related to the art and design world were cancelled, such as Milan Design Week and other national and international fairs. Only Milan Art Week 2020 was held, in which Alcantara S.p.A. participated with the exhibition "Out Of The Blue - Journey In Calligraphy Through Alcantara", promoted and produced by the Municipality of Milan - Culture, by Palazzo Reale and Alcantara S.p.A., specially designed for the Apartment of Princes.

INTERIORS, CONTRACT, MARINE AND AVIATION

Due to the pandemic outbreak, the Milan Design Week and all the other fairs have been canceled or postponed.

Matching Excellences: Alcantara presents the Capsule Collection designed by Paula Cademartori

Milan, September 2020

BRAND AWARENESS PROJECTS

During Fiscal Year 2021, for reasons related to the spread of the global Covid-19 pandemic, Alcantara S.p.A. invested in the digital sphere as the main channel for dialogue with its clients and stakeholders, without forgetting the design community and the end consumer.

With this in mind, the Company presented its **new website with a new digital identity**, inspired by the unmistakable style of the famous photographer Giovanni Gastel, renewing its structure and design in order to create an innovative experience for visitors. Of international breadth, the new site confirms Alcantara S.p.A. as an Italian ambassador to the world, and represents a digital ecosystem integrated with the Company's Western and Asian social channels.

Investments in the digital sector have been fundamental for the Company, which has been able to organise events, runway shows and collaborations with companies in the automotive and fashion sectors, with artists, designers, art institutions and/or museums around the world, trying to overcome the restrictions imposed by the pandemic.



Matching Excellences is the name of the Alcantara® capsule collection designed by creative Paula Cademartori, arising from the collaboration with Vogue Italia.

As a highly innovative material and Made in Italy excellence, Alcantara® is the perfect mix of sensoriality, aesthetics and functionality, which together with a serious and certified commitment to sustainability, make

the brand a true icon of contemporary lifestyle.

The extreme versatility of the material makes Alcantara® suitable for infinite customisation possibilities, and the collaboration with the designer gave rise to a collection consisting of different types of products: from small bags with masks to cover the eyes during trips to contemporary document holders, from different

pouch sizes to large shopping bags, creations all characterised by the unrivalled soft touch of the Alcantara® material.

The capsule was sold until October 2020 at FRAME Condé Nast, the first experience store of the multimedia company, located in the Milan headquarters in Piazzale Cadorna 7.

OUT OF THE BLUE

A Journey into Calligraphy through Alcantara

Milan, September 9-October 11, 2020

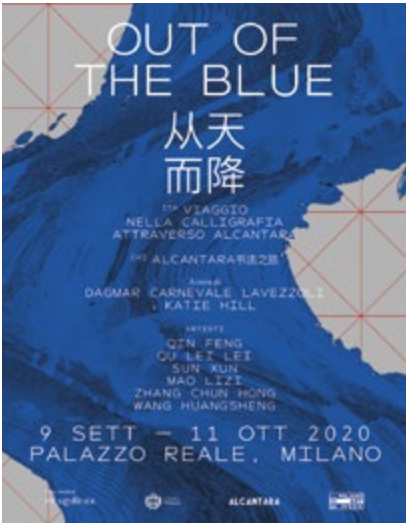


Curated by Dagmar Carnevale Lavezzoli and Katie Hill, “Out Of The Blue - A Journey into Calligraphy through Alcantara” is an exhibition promoted and produced by the Municipality of Milan – Culture, by Palazzo Reale and Alcantara S.p.A., specially designed for the Apartment of Princes. Calligraphy is one of the highest artistic forms of Chinese culture. After technical reproducibility and the advent of the digital age, this ancient discipline still presents itself as a vehicle of knowledge that connects an ancient past to contemporary philosophical research. Recognised by UNESCO as world heritage, more than any other type of writing and “alphabet”, Chinese calligraphy has always been appreciated for its aesthetic and artistic value.



In “Out of the Blue” six established Chinese artists – Qin Feng, Qu Lei Lei, Sun Xun, Mao Lizi, Zhang Chun Hong, Wang Huangsheng – combine the millennial tradition of their culture with the most modern technologies, taking inspiration from the specificity of a single medium to further Alcantara® in all its possibilities and potential through works that offer a transversality of interpretations ranging from classicism to contemporary. The exhibition participated in Milan Art Week 2020 and confirmed Alcantara S.p.A.’s constant interest in the most advanced contemporary creativity: “Out of the Blue” marks a new phase in a cycle of exhibitions that has explored the qualities of Alcantara® as a material for art and design since 2015, transforming the spaces of the Palazzo Reale of Milan into gateways to exhibition proposals with unusual content and ways to be enjoyed. Alcantara S.p.A. continues this original form of research and development with this project, once again opening up to both established and emerging creatives and collaborating with them on unprecedented works.

Access to the exhibition was limited, only by reservation and with the provisions aimed at protecting the safety and health of visitors in line with the Italian Prime Ministerial Decrees in force at that time.



New Alcantara - Maxxi Project Protect and Respect!

Rome, from 7 October 2020

Sanitary masks have become part of our daily lives. Out of a legal obligation, but above all out of respect for others, because the pandemic has taught us new ways of being together, thus people wear them as an essential accessory. This consideration was the starting point for PROTECT AND RESPECT!, an Alcantara S.p.A.'s initiative in support of the MAXXI National Museum of 21st-Century Art. The project involved four artists - Andrea Anastasio, Gentucca Bini, Elena Salmistraro and Sissi - called to design filtering masks made of Alcantara® whose proceeds were earmarked for cultural projects of the museum, which was strongly affected by the closure during the months of mandatory quarantine.

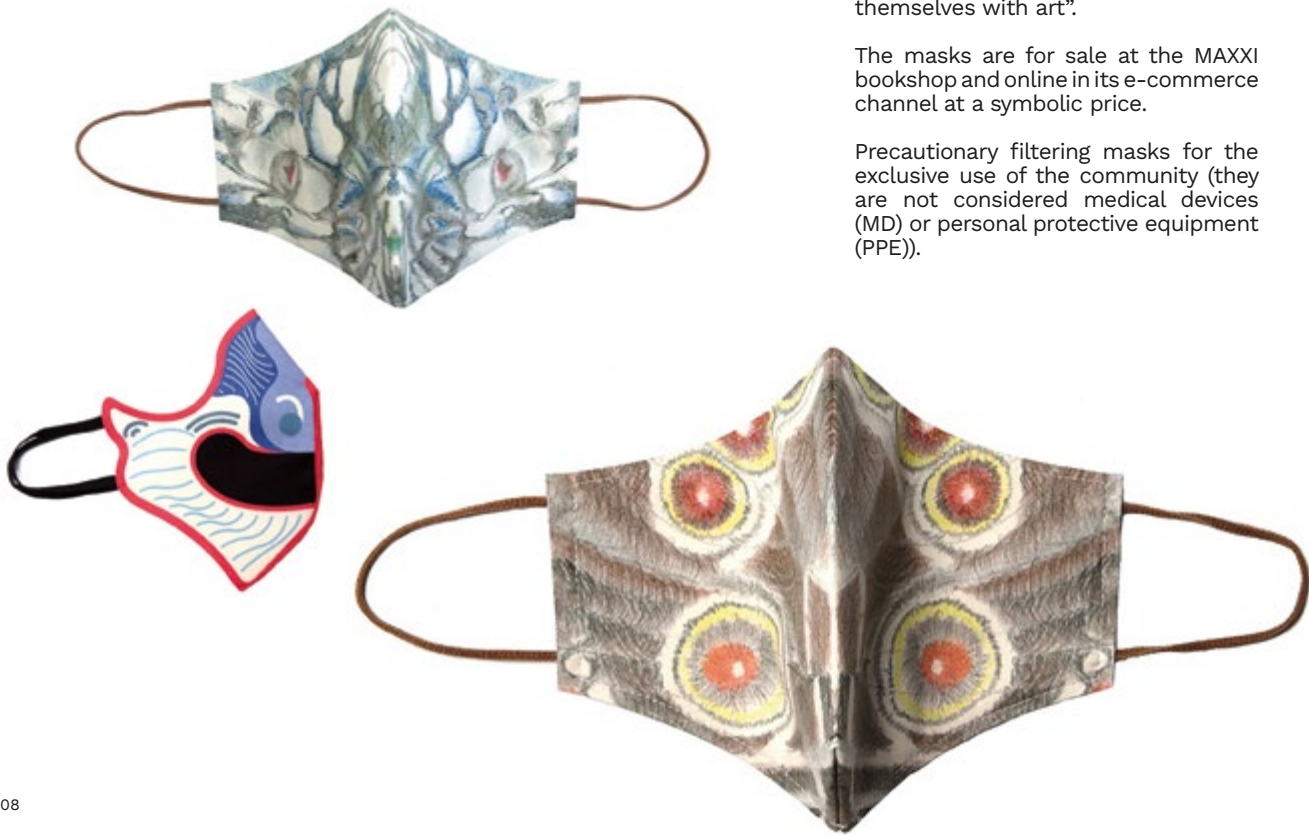
The result is for all intents and purposes an artistic production: the four designers, each belonging to different disciplines (art, fashion, design), drew objects that started from their previous research on the anthropological and symbolic meaning of "masking". Indeed, the authors worked together with the Alcantara S.p.A.'s R&D department, which developed ad hoc solutions to respond to the creative briefs and create filtering masks with a precautionary purpose intended for the community: printed, laser cut, with different colours and decorations, the material once again proved to be a versatile medium capable of inspiring and shaping creativity.



Real authentic multiples for everyday use, the masks demonstrate how the content of cultural research can prove useful for everyday life, giving a wide audience the opportunity to "protect themselves with art".

The masks are for sale at the MAXXI bookshop and online in its e-commerce channel at a symbolic price.

Precautionary filtering masks for the exclusive use of the community (they are not considered medical devices (MD) or personal protective equipment (PPE)).



Alcantara & Lanvin together for a special Capsule Collection

Tokyo, 8 October 2020

Alcantara S.p.A. has recounted the most contemporary interpretation of itself in the unique Special Capsule Collection F-W 20/21 created in partnership with Lanvin Collection and Lanvin en Blue, Lanvin licensed brands.

As an ambassador of Made in Italy luxury, the Company was in fact the protagonist of the Japanese catwalk where the material's versatility was expressed in 30 men's and women's total looks.



Other elements of the collection include tailored jackets, dresses and trousers that play with combinations and overlays, enhancing the versatility of Alcantara®, a par excellence soft-touch material, the undisputed leit motif of this incredible capsule collection.

The runway show was broadcast live on Alcantara S.p.A.'s social channels and is now online on the Company's website and on YouTube.



The capsule collection is the expressive synthesis of the most sophisticated tailor-made, in which the pure exaltation of sensoriality mixed with functionality combine in a fusion of excellences that celebrate beauty. One such extreme beauty was the Lanvin-logged Alcantara® material used to make the jackets and overcoats, signature pieces of the capsule, and used to create an original metal print that reflects the avant-garde and dyed off-white mood applied to a dress with soft overlays of rustling frills.



Vanity Fair Stories: Inventing the Future

Milan, 27-29 November 2020



The third edition of Vanity Fair Stories was held entirely on digital platforms: three days of talks, performances, exclusive interviews and music. The festival organised by Vanity Fair is full of celebrity guests and open to all readers and users. This edition retraced the key moments of 2020 and the manner in which Vanity Fair

recounted them through the great figures who illuminated the magazine's covers, interviews and reportages. Alcantara® covered several iconic products present within the festival's talks with its soft-touch material, such as the tote bag worn by Chiara Francini, the Amiro Beyerdynamic wireless hi-fi headphones worn by

Riccardo Mandolini and a jacket from the special capsule collection F/W 2020-2021 created with Lanvin and worn by Leo Gassman. The Contemporary Tulip Chair by designer Marcel Wanders had a special position in some of the meetings conducted by director Simone Marchetti.

Alcantara & Toyota, together for a Sporty Drive while respecting the environment

Nera Montoro, 21 January 2021

The new Toyota C-HR GR SPORT, internally dressed by Alcantara®, was the protagonist of the Italian press drive from Rome to Nera Montoro, in the Umbrian hills, home of the Alcantara S.p.A.'s production plant.

During the visit to the plant, journalists had the opportunity to learn about the production process of Alcantara®, which dresses the interiors of the new, super sporty Japanese SUV C-HR, inspired by the Toyota GR models geared towards the performance and colours of the Toyota GAZOO Racing brand.

Combined with leather, Alcantara® dresses the seats in Dark Black with embroidered longitudinal and parallel lines in the central part, whose colours - red and light grey - recall those of the GR logo and enhance the dark background in a play of visual and tactile contrasts.

Together, the Alcantara S.p.A. and Toyota brands ensure a sporty driving experience while respecting the environment. With its hybrid engines that reduce nitrogen oxide (NOx) emissions by up to 90% compared to the limits established by regulations, Toyota has found the ideal material for its interiors in Alcantara®, which has been Carbon Neutral since 2009.



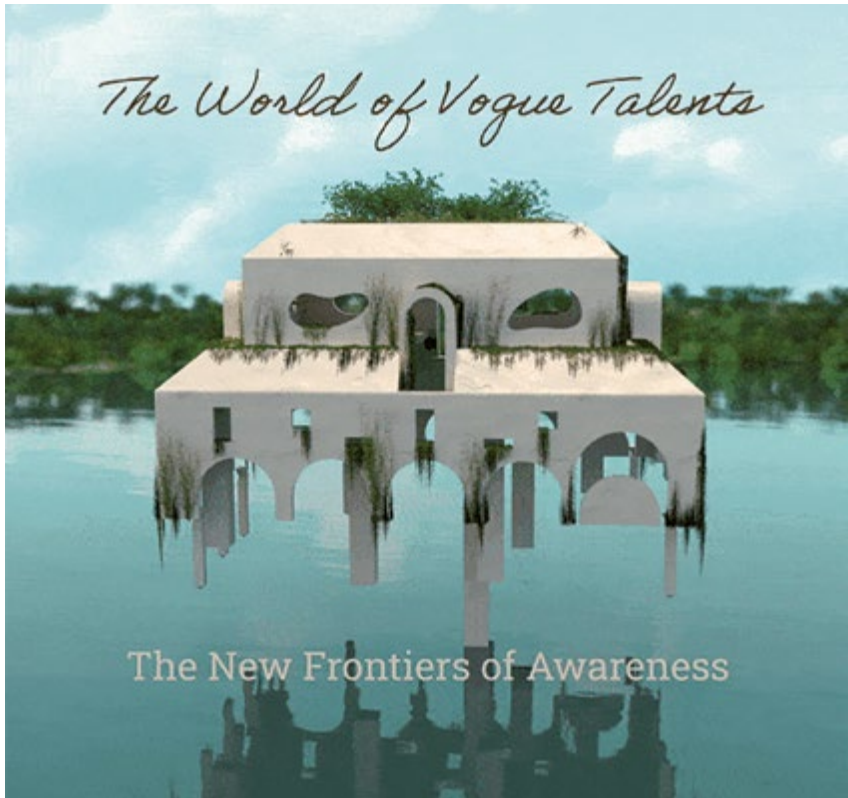
Vogue Talents for Alcantara: Reshaping the Future

Milan, 24 February 2021

In collaboration with Vogue Talents, Alcantara S.p.A. has launched a challenge to students and designers, who have been called upon to develop a project dedicated to sustainability by working with the material Alcantara®. The scouting is aimed at supporting next-generation creatives and enhancing talent during a time of crisis such as the global pandemic. Hence the initiative “Reshaping The Future”. Participants were asked to imagine a future where there is more awareness of the surrounding environment, and suggest their own stylistic vision by testing themselves with the versatility of Alcantara®.

The creative projects involved fashion and ready-to-wear with the development of capsule collections, but also focused on developing a proposal relating to the world of accessories, art or interior design, embracing the uses and particularities of the innovative material.

Among all the students and designers who participated in the competition, the three most deserving won an internship in the Alcantara S.p.A.’s style office.



Alcantara & GCDS new partnership for the new Fall/Winter 2021 Collection

Milan Fashion Week, 25 February 2021

Alcantara S.p.A. unveiled the new completely Made in Italy partnership with the well-known streetwear brand GCDS for the Fall/Winter 2021-22 men’s and women’s collection. Thanks to the creativity of designer Giuliano Calza, the soft-touch material was once again transformed into unique and spectacular garments that complete the stylist’s collection, the expressive synthesis of the most sophisticated tailor-made. The extreme versatility of the material makes Alcantara® suitable for infinite

customisation possibilities, pushing the creative process towards new style and colour horizons. In fact, GCDS offers women the opportunity to play with comfort and sensuality. This is clear in sporty outfit love with a bomber jacket and candy pink trousers, or in the soft jumpsuit and the blazer, this time in a cow print, all the way up to the utmost sensuality with the mini-seashell dress with soft colours and provocative necklines.

For men, on the other hand, oversized cuts such as the ton-sur-ton logoed bomber jacket recalling the colours of the earth, outfits in green cow print and trousers, trenches and jumpsuits for the main garments of the collection.

The runway show was broadcast online on all GCDS social channels and the garments can be purchased on [gcds.com](https://www.gcds.com)



Car Design Dialogues Europe 2021 Alcantara, The Brand Of The Future

London, 17-18 March 2021



Alcantara S.p.A. participated in Car Design Dialogues Europe 2021, a compelling two-day programme in which car design's leading figures discussed innovation, creativity and the current challenges facing the industry through a virtual platform which created an immersive experience inside design studios across Europe.

Alcantara S.p.A.'s panel "The Brand of the Future" provided an in-depth look at the different fields of application for the Company's lifestyle material and its pioneering commitment to sustainability. The panel can be watched on the YouTube channel of Car Design News.

Alcantara & Auto&Design together for the "Dress Your Vision" Contest

Milan, 31 March 2021

Alcantara S.p.A. and Auto&Design, a specialised magazine and constant reference point for the world of design for over four decades, have launched the contest "Dress your vision – Alcantara is on board", open to strictly non-professional aspiring designers, students and car design enthusiasts from all over the world. The goal is to research design solutions

dedicated to the mobility of the future that use Alcantara® in an innovative way. The ten creative finalist proposals will be evaluated by a jury consisting of leading experts on interior design and colour&trim on the international scene, not exclusively related to the automotive sector, as well as by Alcantara S.p.A. and the Auto&Design editorial staff within by end of 2021.

In addition to the subscription to Auto&Design, a visit to the Alcantara S.p.A.'s production plant is on offer to discover where and how the material that dresses the interiors of the most prestigious cars, the creations of international designers, hi-tech accessories and design objects is born.



5.3 Partnerships with Universities for Sustainable Innovation



In Fiscal Year 2021, Alcantara S.p.A. continued to promote collaborations with **prestigious universities** throughout the country, with the aim of fostering an exchange of knowledge and experience, to keep up with the **evolution of skills** required by the labour market and simultaneously bring talents within the Company, as they can provide an important **contribution to innovation processes**.

- Alcantara S.p.A. continues to finance the multi-year research plan that the **University Federico II of Naples** is pursuing on circular economy. This research project aims to evaluate the recycling and reuse processes of the main industrial waste and of the Alcantara® product at the end of its useful life.
- In Fiscal Year 2021, the collaboration with the **Polytechnic Institute of Milan** was consolidated through the initiative Polydesign, which promotes teaching in specialised design-oriented masters in the traditional textiles and automotive fields, and through the partnership with the Department of Civil and Environmental Engineering and the LEAP laboratory in the implementation

of the Company's decarbonisation plan that has the specific purpose of developing technologies for the capture, storage and use of CO₂.

- In addition, collaboration continued with the **University of Bologna** to develop an artificial intelligence system for the detection of visual defects on inspection tables in order to support inspection operators. The activity focused on the detection of "geometric" type defects, which are more difficult to detect.
- Finally, to continue to offer a sustainable product coming from a production process with low environmental impact, collaborations are periodically activated with the **University of Perugia**, which provides technical and analytical support in this area.

Alcantara S.p.A. also participated as a secondary entity in the **COST action proposal** in the field of chemical recycling of plastic waste. COST (European Cooperation in Science and Technology - www.cost.eu) supports the creation of collaborative and open networks to pool knowledge of scientific and technological realities across Europe.





ENVIRONMENTAL SUSTAINABILITY

 Browse the interactive report on
sustainabilityreport.alcantara.com

Highlights

- **12 years** of **Carbon Neutrality**.
- **63%** of waste **recovered**.
- **1,944 tons** of **CO₂** avoided
through the trigeneration plant.
- **18,116 tons**
of **CO₂** **offset emissions**.

Fiscal Year 2021 Main Focus

IMPACTS

- Reduction of environmental impacts through the implementation of a series of measures and projects;

REDUCING ENERGY CONSUMPTION

- through the cogeneration plant, the trigeneration plant, the use of the FANS* process and renewal of ISO 50001 certification;

WATER

- updating of the Water Footprint to identify the points for improvement to reduce water consumption, and implementation of a project for the reuse of wastewater;

EMISSIONS

- maintenance of Carbon Neutrality and compensation of emissions generated.



* FANS production started in 2015 and includes the use of water instead of solvents, using a waterborne polyurethane as new raw material.

6.1 Environmental Policy and Management System

THE PILLARS OF INTERVENTION

The Safety and Environment Policy adopted by Alcantara S.p.A. demonstrates the values, principles and measures on which the various activities carried out by the Company are based, with particular regard to environmental protection and worker safety. The aim is to mitigate and reduce the impact that production processes generate on the environment through the implementation of a series of actions concerning:

- improving environmental efficiency and minimising the environmental impact generated;
- constant training and briefing on the most important environmental issues;
- stimulation of awareness and communication activities outside the Company.

Alcantara S.p.A.'s attention to environmental issues is also demonstrated by the significant certifications obtained:

- **since 2000 certification of the Environmental Management System (EMS)** in accordance with UNI EN ISO 14001;
- **Integrated Environmental Authorisation (IEA)**, renewed in May 2013 and valid until May 2025;
- **since 2009 certified Carbon Neutrality**;
- **since 2014 Water Footprint report**;
- **since 2017 Energy certification ISO 50001**.

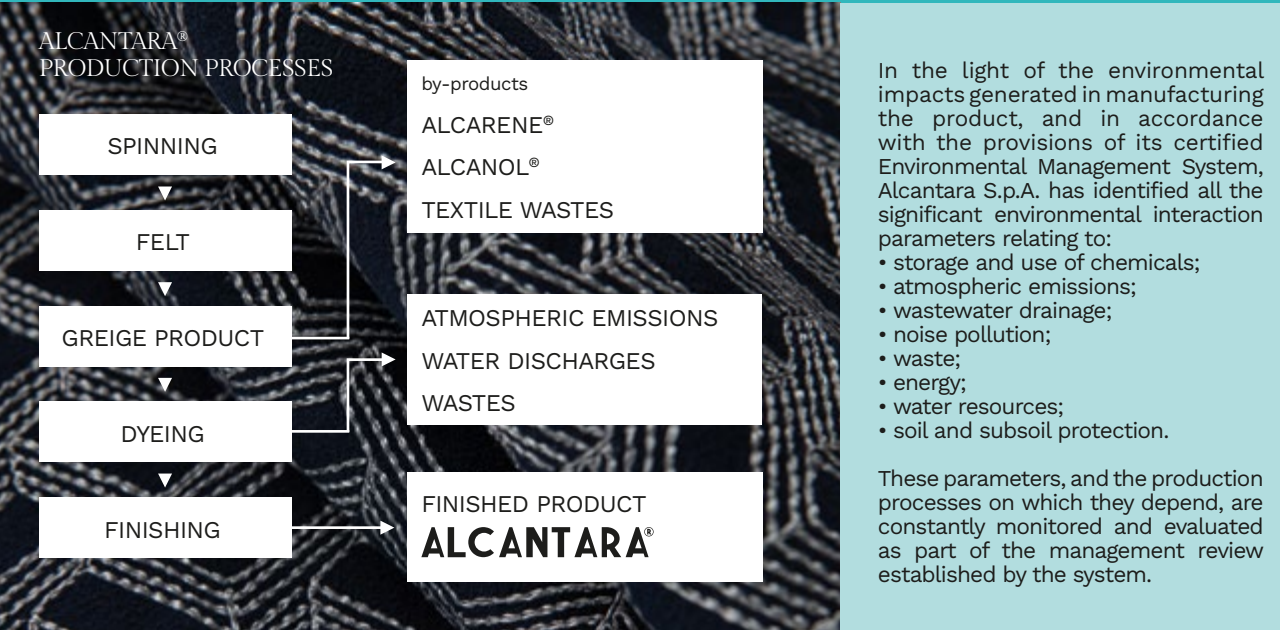
CERTIFICATIONS



THE PRODUCTION
PROCESS AND IMPACT

The Alcantara® product is created starting with two processed polymers, up to the final product. As shown in the diagram below, the main processing phases concern the spinning, felt, greige product, dyeing and finishing processes. However, these processes can undergo changes

depending on the type of use for which the product is intended. Among the main environmental impacts highlighted, the Company's production process can generate emissions released into the atmosphere, water discharge and waste.



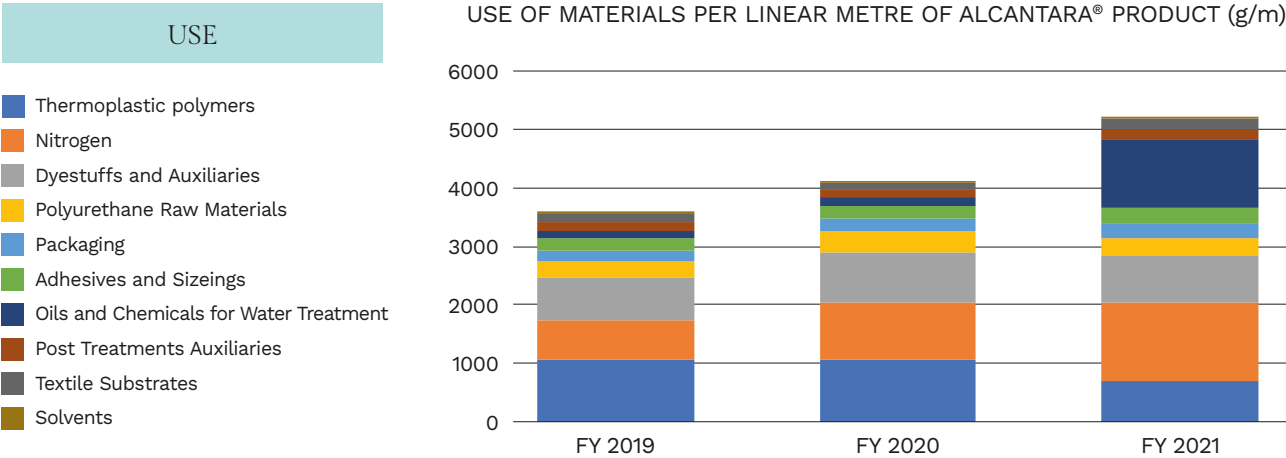
6.2 Use of Raw Materials



Alcantara S.p.A. ensures that all the raw materials used in the production process comply with the principles dictated by the strictest regulations. All the auxiliary raw materials, such as some of the thermoplastic polymers and the sizeing agents used, are treated, recovered, and reused in the production cycle or destined for other industrial uses. TCE and DMF solvents applied in production are used in a closed circuit, recovered, regenerated, and reused in the production process. TCE use is authorized in accordance with REACH. State-of-the-art high-tech treatment systems ensure that airborne emissions and workers' exposure are reduced to less than a tenth of the limits imposed by applicable regulations. Figures are available confirming that working conditions and the risk management methods adopted by Alcantara S.p.A. are appropriate and effective for minimizing risks to the environment and to the health and safety of workers and the local population, to the point that they can, in our opinion, be considered neglectable. This is also confirmed by strict internal controls and medical monitoring procedures, external audits and assessments conducted by the competent authorities. There isn't any residual content of solvents in the final goods.



The potential environmental and safety critical issues of all new products are assessed through an internal "Product Safety" procedure involving all corporate functions. The result of the evaluations is assessed by management prior to marketing authorisation.



During Fiscal Year 2021, considering the reduced production volumes due to the pandemic, there was a general increase in specific consumption. The most significant increase was the specific consumption of chemicals for water treatment, in particular: lime, oxygen and carbon dioxide. The cause can be attributed to two factors:

- the variability of discharge quality due to production tests for stabilising the new process;
- and, as already mentioned, the reduction of production by about 30% compared to the previous year, which led to physiological increases in specific consumption, as there is always a fixed consumption component regardless of the volumes treated.

The increase in the consumption of packaging, adhesives

and dressings, auxiliary products for post-treatment and textile supports is determined by the increase in internal processing as well as the reduction in production volumes. There was also an increase in the specific consumption of solvents. Meanwhile, the decrease in the specification for polyurethane raw materials was due to high stockpiling in the previous year in expectation for a greater production than was actually achieved.

The decrease in production volumes led to both the increase in specific nitrogen consumption and the decline in the consumption of thermoplastic polymers, in particular intermediate fibre. Finally, there was a decrease in the consumption of dyes and auxiliary products and steel blades.

| USE OF MATERIALS PER LINEAR METRE OF ALCANTARA® PRODUCTS | NON-RENEWABLE RESOURCES* | FY 2019 | FY 2020 | FY 2021 |
|--|--------------------------|----------|----------|---------|
| Thermoplastic polymers | X | 1,069.50 | 1,056.19 | 703.0 |
| Nitrogen | | 671.32 | 970.74 | 1,331.1 |
| Dyestuffs and Auxiliaries | | 712.77 | 876.40 | 811.2 |
| Polyurethane Raw Materials | X | 277.46 | 352.52 | 304.8 |
| Packaging | | 208.03 | 218.13 | 246.7 |
| Adhesives and Sizeings | X | 204.11 | 209.06 | 254.7 |
| Oils and Chemicals for Water Treatment | | 112.79 | 152.56 | 1183.0 |
| Post Treatments Auxiliaries | | 172.21 | 136.05 | 182.5 |
| Textile Substrates | | 140.79 | 119.43 | 160.9 |
| Solvents | X | 34.74 | 34.43 | 49.3 |
| Abrasive Papers | | 2.17 | 3.58 | 4.4 |
| Steel Needles | | 0.21 | 0.18 | 0.27 |
| Stainless Steel Splitting Blades | | 0.47 | 0.47 | 0.29 |

* "X" represents those resources that do not regenerate in a short period of time, such as minerals, metals, oil, gas, coal, etc.

6.3 Carbon Neutrality

FANS production, based on the previously mentioned new production process with lower environmental impact, has allowed a reduction in CO₂ emissions and primary energy savings, recognised by the GSE (Gestore Servizi Energetici - National Energy Services Manager) through the issue of Energy Efficiency Certificates (in Italian Titoli di Efficienza Energetica - TEE):

| MONITORING PERIOD SEPTEMBER 2019 - AUGUST 2020 | | |
|--|---------------------------------------|------|
| Specific energy savings | TEP/ km ALC® FANS | 1.17 |
| Specific emissions avoided | tons CO ₂ e / km ALC® FANS | 2.88 |

The specific emissions avoided through the production of cogenerated steam were calculated in accordance with the European ETS scheme. The time interval from September 2019 to August 2020 was considered for the calculation, a period in which the data were confirmed and verified by the GSE. Below is a table for Fiscal Year 2021, however, the data must still be verified by the Institution.

| MONITORING PERIOD APRIL 2020 - MARCH 2021 | | |
|---|---------------------------------------|------|
| Specific energy savings | TEP/ km ALC® FANS | 2.00 |
| Specific emissions avoided | tons CO ₂ e / km ALC® FANS | 3.54 |

Downstream of the production process, Alcantara S.p.A. produces polystyrene and polyvinyl alcohol waste which, due to the quality required by the production process, cannot be reused by the Company and are thus sold as by-products for industrial uses under the name of:

- Alcarene®: thermoplastic polymer for moulding;
- Alcanol®: vinyl adhesive.

In doing so, the Company is able to implement a circular economy process, placing a material produced with the production process waste on the market.

| BY-PRODUCTS PLACED ON THE MARKET * | UNIT OF MEASUREMENT | FY 2019 | FY 2020 | FY 2021 |
|---|---------------------|-----------|-----------|-----------|
| Alcanol® | | | | |
| Quantity produced and placed on the market | Kg | 1,015,552 | 897,684 | 528,819 |
| Product percentage with respect to the raw material | % | 99.16% | 91.28% | 73.67% |
| Alcarene® | | | | |
| Quantity produced and placed on the market | Kg | 436,983 | 1,237,202 | 2,993,781 |
| Product percentage with respect to the raw material | % | 28.06% | 72.14% | 371.90% |
| Alk-Fill FI and Alk-Fill FE (textile scrap) | | | | |
| Quantity produced and placed on the market | Kg | 74.978 | 112,591 | 142,921 |
| Alk-Fill Buff (buffing powder) | | | | |
| Quantity produced and placed on the market | Kg | 2,000 | 1,833 | 1,980 |

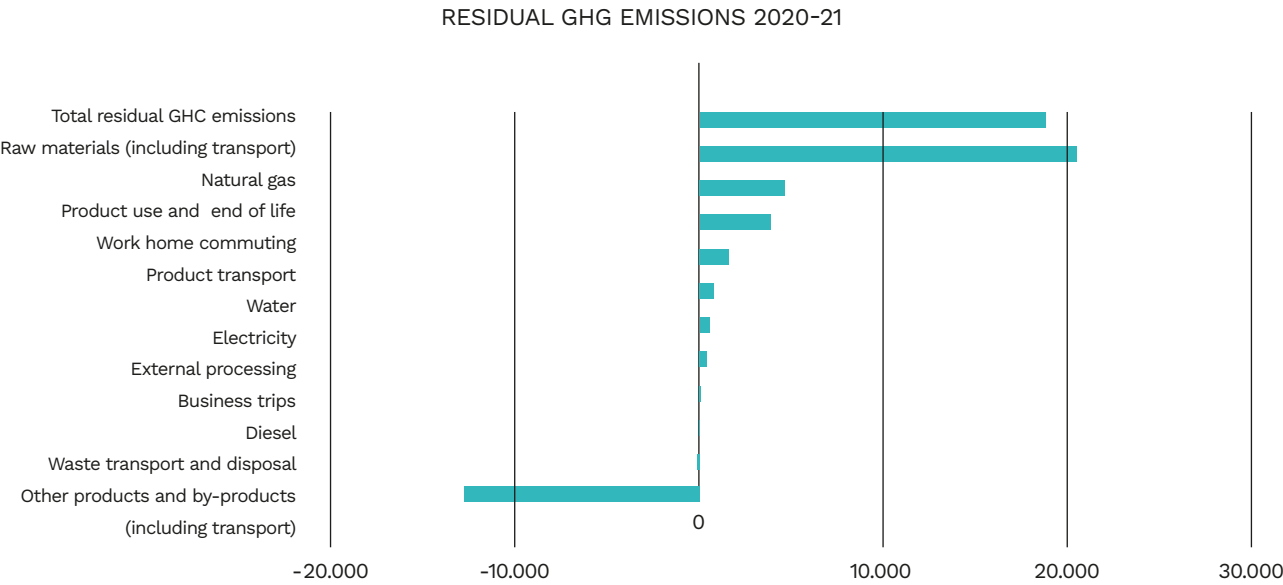
* The percentages declared in the table are calculated in relation to the raw materials actually used in production.

The quantity of Alcanol® produced and placed on the market as a by-product shows a decrease of 41% compared to the previous year, while the quantity of Alcarene® has an increase of 142% compared to the previous Fiscal Year.

Alcantara S.p.A. was one of the first industrial companies in the world, and the first in Italy, to have achieved the status of **Carbon Neutrality** in **2009**, obtaining certification from TÜV SÜD, an authoritative independent certification body which offers certification services in the field of quality, energy,

environment, safety and product and operating in more than 60 countries in the world. This result testifies to the Company’s willingness to promote and implement a sustainable and innovative business strategy. Every year, Alcantara S.p.A. measures and reduces the carbon dioxide emissions

attributable to its business activities and product as much as possible, from the beginning of the production process (raw materials included) to the end of the product’s useful life, compensating for the residual emissions, offering its clients a **Carbon Neutral product**, certified to PAS 2060.



The total offset emissions amount to 18,116 tons CO₂ and consist of:

- corporate emissions, excluding cogeneration plant emissions (impact offset according to the EU-ETS system pursuant to the PAS 2060 standard);
- scope 3 emissions attributable to the product (scope 1 and 2 emissions attributable to the product already included in the corporate inventory).

Thanks to the quantification of emissions carried out during the Fiscal Year, the Company is able to offset the residual CO₂ emissions through four **Certified and Verified Offsetting Projects**, validated and proved by an accredited third party, (following the application of rigorous

verification processes to which all offsetting projects are subjected) which improve the economic, social and environmental conditions of the planet. The offsetting takes place through the purchase of credits on the voluntary market. This is an option, regulated at international level and

provided for in the Kyoto Protocol, which is based on the removal from the atmosphere of a share of CO₂ emissions equivalent to that which has been produced (and which is therefore to be neutralised).

The projects from which Alcantara S.p.A. acquired the credits made it possible to obtain total offsets for 18,116 tons of CO₂ equivalent. The projects described below relate to the plants associated with the certificates acquired.

| PROJECT NAME | PROJECT TYPE | STANDARD | COUNTRY | QUOTAS | % |
|--|--------------|---------------|---------|--------|------|
| Dapein – Hydropower Project | Hydropower | CER | Myanmar | 10,616 | 59% |
| Saipuran Wind | wind | VCS | India | 4,000 | 22% |
| Haikou Rural Methane Digesters Project in Hainan Province | Biogas | GOLD STANDARD | China | 1,500 | 8% |
| Microenergy credits Mongolia - Microfinance for Clean Energy Product Lines | Cookstoves | GOLD STANDARD | China | 2,000 | 8% |
| TOTAL | | | | 18,116 | 100% |

Dapein Hydropower Project

The Dapein Hydropower Project in Union of Myanmar concerns a newly built hydropower project with the installed capacity of 240MW located on Dapein River in Bhamo city, Kachin state, Myanmar. The electricity is expected to be delivered to the regional power grid consisting of Myanmar National Power Grid and South China Power Grid. The project will achieve electricity generation by utilizing renewable water resources. It can promote local sustainable development from the following aspects:

1) the electricity generated by the proposed project will substitute part of electricity in SCPG which is dominated by fossil fuel generated electricity and will substitute part of electricity in MNPG. In addition to CO₂ emission reductions, the proposed project will help to reduce the emission of other pollutants, such as NOx, SO2, Total Suspended Particles, etc.;

2) the construction and operation of the proposed project will increase Myanmar government revenue through tax, and stimulate the economic development of local area;

3) it also will create more job opportunities for local people. Rural labours could be arranged for onsite construction during the construction period, and some long-term job opportunities could be offered during the operation period.

Saipuran Wind

With the help of carbon finance, the wind energy industry in India is rapidly developing, introducing an environmentally sound and cost-effective alternative to meet the country’s growing power demand. With lowering costs, renewables are becoming more and more attractive, particularly in relation to relying on imported coal or nuclear for electricity. This project provides for the installation of wind turbines to harness prevailing winds and generate clean electricity. This then exported to the Indian Grid, supplementing energy demands with an alternative to coal-fired electricity. The clean power produced by the project displaces an equivalent amount of power from the grid, which is fed mainly by fossil fuel-fired power plants. Therefore, it results in a reduction of GHG emissions.

Haikou Rural Methane Digesters Project in Hainan Province

Hainan Province is an island to the south of China. For years, the province has been left behind in the economic development of the country. Outside the cities, most people still live from small hold farming, often without access to electricity. Energy demand is mostly met with coal which is readily available in most parts of China at low prices. Coal is a particularly polluting fuel and – especially since it is usually burned in inefficient, very basic stoves – also contributes to the emission of large amounts of greenhouse gases. Since the houses in Hainan often lack appropriate ventilation, the burning of coal is also a major health risk for the people who often suffer from eye ailments and respiratory diseases as a consequences of being exposed to harmful fumes.

The project’s aim is to support poor Hainan farmer households by installing efficient biogas digesters on their properties. These proven and reliable systems provide the households with clean biogas for cooking, heating and lighting. In addition to this, the project also helps to reduce methane emissions as the digesters utilize swine manure, which would otherwise be left to decay in open pits. The combined reduction of greenhouse gas emissions from methane originating from the pits and of carbon dioxide emissions caused by the common use of coal as cooking fuel, amounts to roughly 3.5 tons of CO₂ per household per year.

Microenergy credits Mongolia - Microfinance for Clean Energy Product Lines

The continental climate in Mongolia is characterized by very long and cold winters. Temperatures of up to minus 40 degrees Celsius and heating periods of up to 200 days per year require a reliable energy and heat supply for the local population. The extreme weather conditions and a rapidly growing national economy aggravate the situation and cause the energy demand to constantly increase even further. Meeting these high demands means a serious challenge for Mongolia. The problem is worsened by high poverty levels across the country as the population still live in poverty. Traditional cooking methods currently consist of inefficient coal stoves. These require vast amounts of coal which is both expensive as well as damaging to the local environment and household health.

The purpose of this small-scale Programme of Activities is the dissemination of clean energy products in Mongolia. The programme will promote two broad categories of clean energy products: efficient stoves and heating technologies as well as home insulation technologies. MicroEnergy Credits, a social enterprise, helps low income households in developing countries to invest in clean energy products by reducing upfront costs. The devices are financed, sold and maintained through carbon finance, whilst consumers are trained and educated in the proper usage. Single and double-insulated waterproof blankets are also distributed to reduce heating consumption in houses and to keep inhabitants warm and dry.



Also for Fiscal Year 2021, the annual analysis of the product life cycle “**from cradle to grave**” was carried out (conducted for the first time in 2011) using ISO 14064-1 and the Greenhouse Gas Protocol - Product Life Cycle Accounting and Reporting Standard. The assessment is also in conformity with ISO 14040 Environmental management — Life Cycle Assessment – Principles and framework and ISO 14044 Environmental management — Life Cycle Assessment – Requirements and guidelines relating to the assessment of product greenhouse gas emissions and in particular:

- the methods used to perform the LCA are consistent with the international standard and with the technical specification applied;
- the methods used to perform the LCA are valid from a scientific and technical point of view;
- the data used are appropriate and reasonable in relation to the objective of the study;
- the study report is transparent and consistent.

The subsequent offsetting of residual carbon dioxide emissions is carried out in accordance with the standard PAS 2060. Two reports are issued:

- a so-called “corporate” Green House Gases (GHG) emissions report, in accordance with the directives of the UNI ISO 14064-1 standard and the Corporate Accounting and Reporting Standard of the Greenhouse Gas Protocol. Operational boundaries include all direct emissions (scope 1) and indirect emissions associated with the generation of electricity and purchased steam (scope 2). They also include indirect emissions (scope 3) not attributable to the product and, in particular, those related to employees’ business trips and employee transport from/to the workplace;
- a GHG emissions report attributable to the product in accordance with the directives of UNI ISO 14064-1 and the Product Life Cycle Accounting and Reporting Standard of the Greenhouse Gas Protocol. The life cycle includes services, materials and energy flows that develop and accompany the product. In particular:
 - “scope 1” and “scope 2” emissions associated with the activities of the Nera Montoro production site, considering the cogeneration plant within the boundaries of the site;
 - direct and indirect activities for the production and transport of raw materials, outsourced processing activities on the finished product, production and transport of the finished product to the gates of the recipient for the next stage of processing;
 - packaging, shaping and washing at industrial users;
 - end of life (landfill, incineration, recycling).

EMISSIONS CALCULATION

For the high-efficiency cogeneration plant, the impact in terms of CO₂ in Fiscal Year 2021 was 61,743.116 tons, which were fully offset through the European Union’s Emissions Trading Scheme (EU-ETS), aimed at reducing greenhouse gas emissions in the industrial sectors with the greatest impact on climate change.

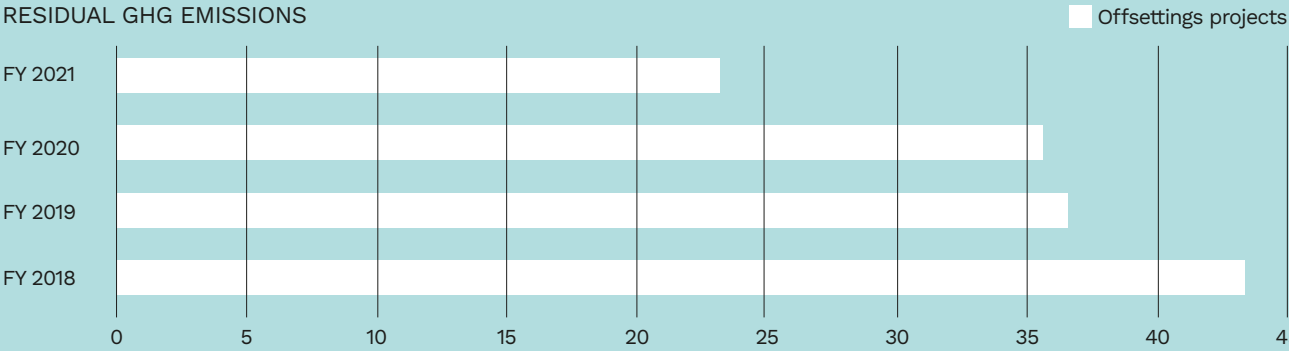
With regard to the indirect emissions associated with electricity drawn from the national grid, falling within the Scope 2 emissions, the relative contribution (evaluated using Sima Pro software) is minimal, since all the energy drawn from the grid is produced by plants that exploit renewable energy sources. The origin of the electricity drawn from renewable sources is certified through the purchase and cancellation of guarantee of origin certificates (GO certificates). Below are the summary values of carbon dioxide emissions, verified by TÜV SÜD, expressed in tons of CO₂ equivalent.

| RESULTS OF THE "CORPORATE" INVENTORY (TONS CO ₂) | FY 2019 | FY 2020 | FY 2021 |
|--|---------|---------|---------|
| Scope 1 total - direct emissions | 66,868 | 71,221 | 65,864 |
| Scope 2 total - indirect emissions associated with the generation of electricity and purchasing thermal energy | 650 | 395 | 422 |
| Scope 3 total - indirect emissions | 2,626 | 2,402 | 1,294 |

| RESULTS OF THE "PRODUCT" INVENTORY (TONS CO ₂) | FY 2019 | FY 2020 | FY 2021 |
|---|---------|---------|---------|
| Scope 1 total – direct emissions | 66,648 | 71,024 | 65,727 |
| Scope 1 total net of the Electricity and Thermal Energy offsetting from ENGIE Cogeneration (from 2013 subject to onerous ETS offsetting at the expense of Alcantara S.p.A.) | 5,090 | 4,905 | 3,984 |
| Scope 2 total - indirect emissions associated with the generation of electricity and purchasing thermal energy | 640 | 393 | 394 |
| Scope 3 total - indirect emissions | 28,233 | 27,781 | 12,279 |
| ETS offset and supplier reduction | 61,558 | 66,118 | 61,743 |
| Total Tons CO ₂ to be offset/neutralised (=Total Corporate + Scope 3 Product - ETS offset and supplier reduction) | 36,819 | 35,683 | 18,116 |

Compared to Fiscal Year 2020, the value of the emissions has decreased thanks to:

- the decrease in production (contraction of markets due to the pandemic);
- the increase in emissions avoided through increased sales of by-products.



Fiscal Year 2021 ended with production down by 30%, broken down as follows:

- for CORPORATE reporting, there was a 26% decrease in CO₂ quotas considering the offsetting (suppliers, transporters, processing + ETS);
- for PRODUCT reporting, there was a 28% decrease in the specific emissions of the CO₂ quotas considering the offsetting (suppliers, transporters, processing + ETS).

The table below provides other emissions of pollutants into the atmosphere from IEA authorised emission points (abatement installation flues, hoods, etc.), replacing the SO₂ pollutant with dust, as it is more important, given the commissioning of important new emission points at the greige department and current dust emission reduction projects.

| OTHER ATMOSPHERIC EMISSIONS | UNIT OF MEASUREMENT | FY 2019 | FY 2020 | FY 2021 |
|--------------------------------|---------------------|---------|---------|---------|
| NOx nitrogen oxides | Kg | 6,016 | 8,055 | 2,553 |
| Dust | Kg | 405 | 412 | 532 |
| VOC volatile organic compounds | Kg | 8,472 | 3,429 | 6,157 |

Carbon Disclosure Project

Alcantara S.p.A. is reporting its environmental and GHG emission performance through the **Carbon Disclosure Project (CDP)**. CDP is a not-for-profit organization that runs the global disclosure system for investors, companies, cities, states and regions, to manage their environmental impacts. Disclosed company’s information is articulated as in the below table.

| |
|--|
| Corporate Governance |
| Risks and Opportunities to tackle |
| Business Strategy |
| Target and Performances |
| Emission Methodology, Data and Breakdown |
| Energy |
| Additional Metrics |
| Verification |
| Carbon Pricing |
| Engagement |
| Supply Chain |

CDP yearly analyses the data reported by thousands of companies to map trends, model emissions data, pinpoint emerging best practice, evaluating performances. Alcantara S.p.A.’s data are accessible to requesting stakeholders, at www.cdp.net

6.4 Energy Requirements and Savings

Alcantara S.p.A. has always implemented measures and initiatives aimed at reducing energy needs and consequently optimising production processes and systems. The main stages of this process are:

1998-2002

total renewal of plant machinery;

2000

partnership with a local producer for the exclusive supply of steam from a cogeneration plant;

Starting from 2008

exclusive use of energy from renewable sources;

2010

investments for further reduction of plant energy consumption;

2013

commissioning of the cogeneration plant;

2014

installation of a new screw compressor at the wastewater treatment plant, replacement of malfunctioning condensate drains, installation of new condensate booster systems with steam propulsion, replacement of fluorescent lamps with LED lamps in the dyeing department and reduction of the Distillation plant column reflux coefficient I;

Fiscal Year 2016

modification of ambient temperatures in the greige and fibre departments in compliance with Italian Presidential Decree 74/2013, continuation of the replacement of malfunctioning condensate drains and optimisation of the condensate booster system at the distillation department; installation of power factor correction systems in the production departments, installation of a new air conditioning system in the greige department, optimisation of the tertiary section of the wastewater treatment plant;

Fiscal Year 2017

installation of a new cooling tower; installation of a new high efficiency cooling unit; installation of a greige air treatment unit with energy recovery; initiation of activities for the construction of new high efficiency cooling units; installation of the instrumentation for the reporting activities to obtain the TEEs determined by the energy savings generated by the new production lines (installation and control of measuring systems); installation of distributed power factor correction units; start-up of activities for the construction of the trigeneration plant; start-up of activities for the implementation of the energy data acquisition network;

Fiscal Year 2018

installation of the trigeneration plant; installation of two new high efficiency chillers; installation of a new high efficiency air compressor; planning of the intervention to implement an automatic and continuous energy data acquisition system; planning of the replacement of two UTAs in the greige department with new high efficiency machines; continuation of the reporting to the GSE of the energy savings resulting from the new production process; project to replace the use of chilled water with tower water at the PVA FANS distillation plant;

Fiscal Year 2019

installation of a system for the recovery of heat from steam rising from the condensate collection tank of the Distillation department; implementation of a network for the automatic and continuous acquisition of energy data; replacement underway of two air treatment units in the greige department with new high efficiency machines; investment proposal for a project for the recovery of heat from the fumes coming out of the Spooner furnace; project to replace the use

of chilled water with tower water at the PVA FANS distillation plant; continuation of the reporting to the GSE of the energy savings resulting from the new production process;

Fiscal Year 2020 - Fiscal Year 2021

a plant for the recovery of heat from the steam emerging from the condensate collection tank of the fibre department is being built; the replacement of two old UTAs in the greige department with other high efficiency ones is being completed; activities are underway to optimise the distribution of the compressed air network, downstream of field monitoring and in-depth studies in collaboration with the company that supplies the compressors; study for the optimisation of the steam consumption of the TRGAS plant; study for saving filtered water in the cooling towers; field tests with the energy supplier ENGIE for the electrical rephasing carried out thanks to the reactive energy production of the power plant, with consequent reduction of the reactive energy drawn from the national electricity grid; a network is being built for the automatic and continuous acquisition of energy data; investment proposal for a project to recover heat from the fumes coming out of the Spooner furnace; activities are underway for the construction of an automated system for cooling water circuit management; project to replace the use of chilled water with tower water at the distillation plant; continuation of the reporting to the GSE of the energy savings resulting from the new production process.



Initiatives and Benefits

Since 2013, Alcantara S.p.A. has been operating a cogeneration plant for the supply of electricity and steam thanks to a contract with the company ENGIE. This cogeneration plant is recognised by the GSE (Gestore nazionale Servizi Energetici - National Energy Services Manager) as a high efficiency cogeneration plant (CAR - Cogenerazione ad Alto Rendimento - HEC - High Efficiency Cogeneration) in an SEU (Sistema Efficiente di Utenza - User Efficiency System), and is able to provide steam for a maximum contractual capacity of 48 t/h and electricity up to about 50,000 MWh/year¹.

Over the years, following the increase in energy consumption generated by the increase in production, in order to continue to have availability of electricity produced inside the plant, which would guarantee significant economic savings and a lesser impact of production on the environment, the Company decided to expand the capacity of the plant by installing a trigeneration plant, commissioned at the end of February 2019, with the following characteristics:

- cogenerative endothermic engine: 2.67 MWe²;
- recovery boiler: 1,279 kWt³;
- absorption refrigerator: 1,392 kWf⁴.

The plant is capable of producing 21,050 MWh⁵ of electricity per year, cogenerated without energy input:

- 10,697 MWh of thermal steam per year;
- 8,174 MWh of refrigeration per year.

This plant will allow Alcantara S.p.A. to achieve about 900 TEEs per year for 3 years.

Compared to the separate production of electricity, heat and refrigeration, in Fiscal Year 2021 the trigeneration plant achieved the following energy and environmental results:

| FY 2021 | | |
|-------------------------|------------------|-------|
| Natural gas savings | MWh | 9,604 |
| | TOE ⁶ | 826 |
| CO ₂ avoided | tons | 1,944 |

In addition, ENGIE is carrying out the authorisation procedures for the creation of a third cogeneration plant.

In Fiscal Year 2021, the cogeneration plant supplied 193,471 MWh of thermal steam and 44,283 MWh of electricity (57% of the total electricity needs of the Nera Montoro plant).

The main benefits produced by the cogeneration plant relate to the energy, environmental and economic sphere. In fact, the cogeneration plant has reduced energy consumption by about 5,200 tons of oil equivalent per year, and has generated considerable economic savings thanks to:

- high energy efficiency thanks to the new generation installations;
- cogeneration of around 13 t/h in simple recovery (zero cost steam produced by hot fumes);
- benefits from obtaining white certificates;
- tax benefits for the natural gas supplied to HEC qualified power stations;
- reductions on the electricity bill thanks to the SEU system declaration, made possible because the entire electricity distribution network produced by Turbogas is internal to the plant.



The following table quantifies the actual benefits generated by the cogenerator, which result in:

- a significant reduction of the energy bill in economic terms;
- energy independence and a more reliable supply;
- no capital used to construct the plant, leaving it available for the Company's core business.

| | | COGENERATOR BENEFITS | | | | | | | | |
|-------------------------|------------------|----------------------|--------|--------|--------|--------|--------|--------|--------|---------|
| | | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | TOTAL |
| Natural gas savings | MWh | 51,034 | 61,148 | 58,166 | 56,661 | 66,329 | 71,018 | 66,030 | 53,512 | 483,897 |
| | TEP | 4,389 | 5,259 | 5,002 | 4,873 | 5,704 | 6,108 | 5,679 | 4,602 | 41,615 |
| Benefits | TEE ⁷ | 5,780 | 6,926 | 6,588 | 6,420 | 7,510 | 8,039 | 7,474 | 6,058 | 54,795 |
| CO ₂ avoided | tons | 10,399 | 12,499 | 11,921 | 11,315 | 13,418 | 14,370 | 13,301 | 10,833 | 98,056 |

* This table is related to the figures of the calendar year.

1 MWh/year: megawatt hour electrical per year
2 MWe: megawatt electrical

3 kWt: kilowatt thermal
4 kWf: kilowatt refrigeration

5 MWh: megawatt hour
6 TOE: ton of oil equivalent

7 TEE: ton of energy equivalent

Energy Consumption

The main consumption recorded in the commercial and administrative offices of the Milan headquarters are related to the use of:

- natural gas for space heating;
- electricity for normal office activities, room cooling and the operation of the heating plant.

On the other hand, Nera Montoro's production site uses:

- natural gas for direct heating and the production of steam at 6 bar, as well as the canteen;
- steam at a pressure of 6 bar, guaranteed by the cogeneration plant and the new trigenerator inside the plant;
- electricity, mainly used for the production process and almost entirely provided by the Turbogas plant and the trigenerator. The energy peaks exceeding the capacity of the installed production plants were provided by the national high-voltage (HV) grid. The medium voltage (MV) supply is used only if the HV grid is down or undergoing maintenance. Both supplies are from renewable sources.

Alcantara S.p.A. also monitors the fuel consumption of the corporate fleet for the calculation of emissions.



| ENERGY CONSUMPTION WITHIN THE ORGANISATION | TOTAL TJ ⁸ FY 2019 | TOTAL TJ FY 2020 | TOTAL TJ FY 2021 |
|--|----------------------------------|---------------------|---------------------|
| MILAN | | | |
| Natural gas | 1.4059 | 1.247 | 2.256 |
| For heating | 1.4059 | 1.247 | 2.256 |
| Electricity | 1.7565 | 1.901 | 1.748 |
| Purchased | 1.7565 | 1.901 | 1.748 |
| NERA MONTORO | | | |
| Natural gas | 89.4411 | 86.226 | 70.458 |
| For heating | 0.4881 | 0.470 | 0.296 |
| Diesel | 0.2018 | 0.213 | 0.131 |
| For production processes | 0.2018 | 0.213 | 0.131 |
| Electricity | 299.453 | 304.716 | 278.329 |
| Purchased | 299.453 | 304.716 | 278.329 |
| Other | 827.026 | 826.791 | 721.067 |
| Steam | 827.026 | 826.791 | 721.067 |

| ELECTRICITY FROM RENEWABLE SOURCES | TJ FY 2021 |
|------------------------------------|---------------|
| Wind | 53,907 |
| Hydroelectric | 1,343 |
| Bioliquids | 0,716 |
| Solar | 0,392 |
| TOTAL | 56,359 |

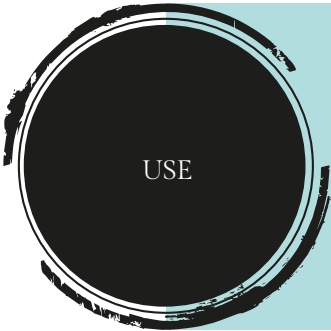
| CONSUMPTION WITHIN THE ORGANISATION NERA MONTORO PLANT | MJ |
|--|----------------------|
| Plant-Electricity | 278,329,421 |
| Plant-Thermal Energy (steam) | 721,067,351 |
| Plant-Methane | 70,458,239 |
| Plant-Diesel | 131,123 |
| NERA MONTORO TOTAL CONSUMPTION | 1,069,986,133 |

| CONSUMPTION WITHIN THE ORGANISATION - MILAN HEADQUARTERS | MJ |
|--|------------------|
| Electricity | 1,748,210 |
| Thermal Energy | 2,255,691 |
| MILAN HEADQUARTERS TOTAL CONSUMPTION | 4,003,901 |

| CONSUMPTION OUTSIDE OF THE ORGANISATION | MJ |
|--|-------------------|
| Product and by-product transport energy | 10,735,070 |
| Raw materials transport energy | 15,409,510 |
| Business air travel energy | 613,162 |
| Business car trips energy | 351,556 |
| Employee commute energy | 19,731,443 |
| TOTAL CONSUMPTION OUTSIDE OF THE ORGANISATION | 46,840,742 |

8 TJ: Terajoule
9 MJ: mega joule

6.5 Water Requirements



The primary source of water supply for the industrial activities carried out in the plant and research & development centre of Nera Montoro is the Nera River. River water is used for various purposes including firefighting, irrigation, sanitary and industrial purposes and is used above all in the dyeing process of the finished product. The wastewater produced by these processes is then processed

in an internal treatment plant. In addition to the Nera River, the other minor supply sources include groundwater wells and the municipal aqueduct, for which the Company dedicates particular attention to avoid drawing too much drinking water, in order to ensure greater consumption by local communities and new production settlements in the area.

In Fiscal Year 2021, Alcantara S.p.A. also supplied Engie with the industrial water necessary for the production of steam, for a total 273,175 m³. The values in the table (both withdrawal and discharge) do not include the water managed by the Turbogas plant of Engie.



| WATER WITHDRAWAL BY SOURCES | UNIT ⁹ | FY 2019 | FY 2020 | FY 2021 |
|--|-------------------|------------------|------------------|------------------|
| Nera River through artificial reservoir | m³ | 1,945,011 | 1,873,442 | 1,626,994 |
| Nera River direct withdrawal | m³ | 42,695 | 5,535 | - |
| Plant groundwater well | m³ | 98,156 | 51,156 | 59,666 |
| Terni province municipal aqueduct | m³ | 4.847 | 3,224 | 2,957 |
| TOTAL WITHDRAWALS | m³ | 2,090,709 | 1,933,357 | 1,689,617 |
| Water discharge in the Nera River | m³ | 1,958,615 | 1,840,430 | 1,667,748 |

| TOTAL WITHDRAWAL FROM ALL AREAS BY SOURCES, WATER WITHDRAWAL FROM WATER-STRESSED AREAS | UNIT ¹¹ | FY 2021 |
|--|--------------------|--------------|
| Surface waters | ML | 1,627 |
| Underground waters | ML | 60 |
| Sea water | ML | - |
| Water produced | ML | - |
| Third-party water resources | ML | 3 |
| TOTAL | ML | 1,690 |
| of which fresh water (≤1,000mg/l total dissolved solids) | ML | 1,690 |
| of which other types of water (>1,000mg/l total dissolved solids) | ML | - |

10 m³: cubic metres
11 ML: million litres

| WATER CONSUMPTION | UNIT | FY 2021 |
|--|------|---------|
| Total water consumption in all areas | ML | 22 |
| Total water consumption in all water-stressed areas | ML | 22 |
| Change in water storage (if the water storage appears to have a significant impact in relation to water use) | ML | - |

Discharges

Wastewater from the activities of the production process and on-site processes, as well as the first rainwater from the discharge area at the warehouse, are subjected to purification treatment. The treated water is delivered through a single discharge into the surface water body, that is, into the Nera River. The discharge point is located in the protected area of Lake San Liberato and, in addition to being authorised and controlled by the provincial

administration of Terni, is managed in compliance with legal obligations. Considering the production process, all the required parameters were authorised for discharge, including the following hazardous on the basis of the checks carried out by qualified external laboratories (in compliance with the requirements of the Integrated Environmental Authorisation) and sent to the competent authorities, it should be noted that the wastewater quality parameters are well below the limits

established by current legislation, keeping within extremely safe values. In addition, the acute toxicity tests carried out on the wastewater have always been below the limits set.

Below is a table with the average values of the main pollutants with the greatest environmental impact, compared with the legal limits.

| QUALITY OF INDUSTRIAL WASTE WATER: ANNUAL AVERAGE VALUES OF THE MAIN POLLUTANTS | | | | | | | | | | | | |
|---|---------|------------------|------------------|------|-----------|------------------|-------------------------|-------------------|---------------------------|----------------------|------------------|----------------------|
| Parameter | pH | Suspended solids | BOD ₅ | COD | Chrome VI | Nitrous nitrogen | Ammoniacal nitrogen NH4 | Total surfactants | Organic nitrogen solvents | Chlorinated solvents | Escherichia Coli | Acute Toxicity Assay |
| Unit of measurement | - | mg/l | mg/l | mg/l | mg/l | mg/l | mg/l | mg/l | mg/l | mg/l | UFC/100ml | |
| Legal limits for discharge in surface water | 5.5-9.5 | 80 | 40 | 160 | 0.2 | 0.6 | 15 | 2 | 0.1 | 1 | 5000 | <= 50% tot |
| Average value in 2018-2019 test | 8.4 | 8 | 4.1 | <15 | < 0.03 | 0.4 | <0.01 | 0.5 | < 0.1 | < 0.1 | - | Acceptable |
| Average value in 2019-2020 test | 8.15 | 9 | 4.3 | <15 | <0.03 | 0.04 | <0.01 | 0.4 | <0.1 | <0.1 | 9.0 | Acceptable |
| Average value in 2020-2021 test | 7.69 | 2.1 | <5 | 3.98 | <0.01 | <0.01 | <0.01 | 0.2 | <0.05 | <0.5 | 0.0 | Acceptable |

| TOTAL DISCHARGES FROM ALL AREAS BY SOURCES | UNIT | FY 2021 |
|---|------|--------------|
| Surface waters | ML | 1,668 |
| Underground waters | ML | - |
| Sea water | ML | - |
| Third-party water resources | ML | - |
| TOTAL | ML | 1,668 |
| of which fresh water (≤1,000mg/l total dissolved solids) | ML | 1,668 |
| of which other types of water (>1,000mg/l total dissolved solids) | ML | - |

| TOTAL DISCHARGES IN WATER-STRESSED AREAS | UNIT | FY 2021 |
|---|------|--------------|
| TOTAL | ML | 1,668 |
| of which fresh water (≤1,000mg/l total dissolved solids) | ML | 1,668 |
| of which other types of water (>1,000mg/l total dissolved solids) | ML | - |

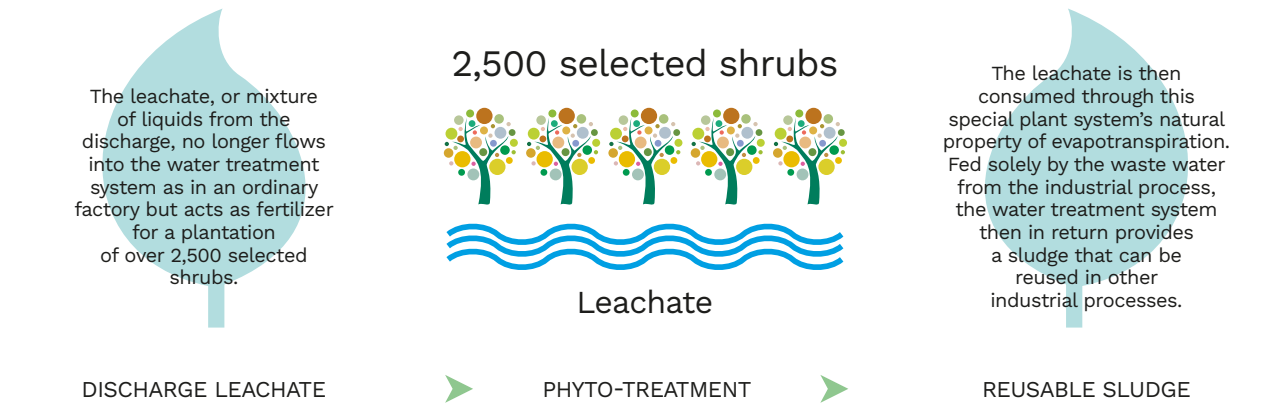
Initiatives

Phyto-treatment allows for the use of plant systems to reduce or eliminate the transfer of sludge leachates from the internal landfill outside of the plant. The function of the plants is to consume the leachate directly on site, avoiding costly transfers and waste production after leachate treatment. For the design and installation of the phyto-treatment plant, Alcantara S.p.A. has availed itself of the support of ARPA Terni and the Faculty of Agriculture of the Tuscia University, in collaboration with the Institute for Water Research of the

CNR. This type of applications have been tested in the USA and Australia, but still represent a novelty in Europe. The intervention carried out allows for an overall environmental improvement of the landfill area, as well as interrupting the cycle that leads to the production of waste and opening up new destinations for the biological sludge produced by the water treatment system. In particular, the following results have been obtained: - covering of the basins of the old landfill (area of about 7,000 m² reassigned) with the planting of more than

2,500 plants irrigated by industrial wastewater rich in nutrients; - reduction of the load of pollutants treated by the water treatment plant, resulting in a reduction of treatment products, sludge produced and improvement of the characteristics of the wastewater.

The phyto-treatment system is based on the natural process by which plants absorb water from the soil and are able to transport large quantities of water from the soil to the atmosphere using solar energy as an input.



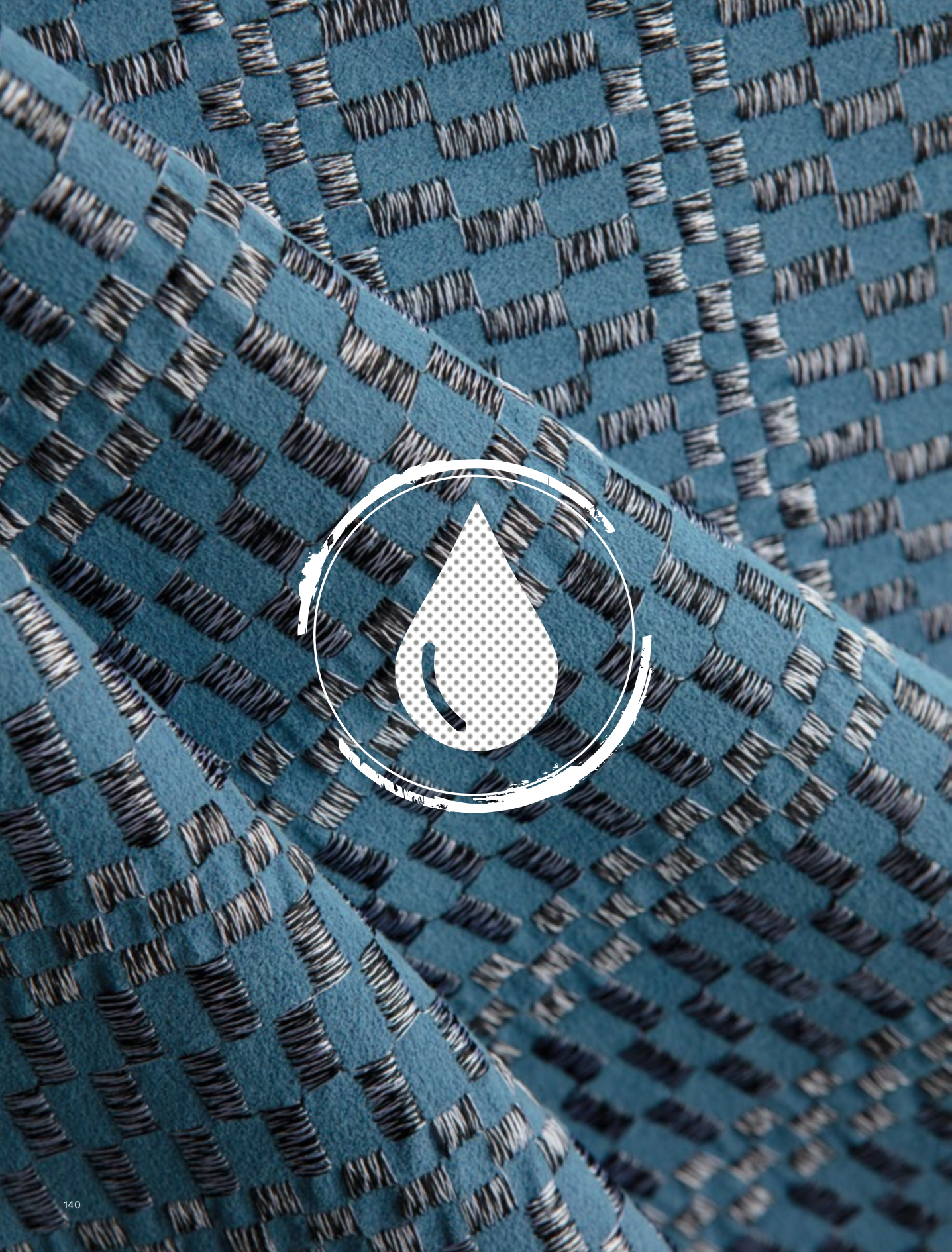
In Fiscal Year 2021 two new plants were installed for the treatment of water discharges from dyeing jets.

The first dye discharge, which is the most concentrated, is treated through a plant that enhances the biological treatment by doubling the presence of microorganisms in the oxidation tank compared to a traditional plant, so as to minimise the consumption of chemical products. The plant has been in operation for about one year.



The last discharge, consisting of rinsing water, is treated through an appropriate system of membranes and resins for the purification of water that is subsequently reused in the same dyeing process with an efficiency of 80% saving fresh industrial water. Once work has been completed on the connections with the dyeing jets, the system will start operating at full capacity.

Since January 2021, the water reuse plant downstream of the Waste Water Treatment plant has been operational; as of 31 March 2021, it had recovered 19,000 cubic metres of industrial water.



Water Footprint

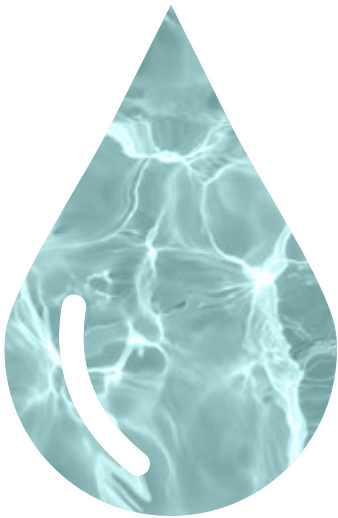
The LCA (Life Cycle Assessment) methodology has been applied by Alcantara S.p.A. since 2011, in line with the ISO 14046 standard, to assess its Water Footprint and the potential environmental impacts of the life cycle of its production from cradle to grave, thus including all activities and processes of the production (water consumption, electricity and thermal energy, waste production, etc.), upstream (raw materials, transport) and downstream (distribution, use, end of life).

The specific method used for the Water Footprint is the Available Water REmaining (AWARE) method (Boulay et al., 2016), which represents the remaining water available per area after human and ecosystem demand has been met. It therefore involves the assessment of the potential for water deprivation for both humans and ecosystems, assuming that the less water is available, the greater the likelihood that another user will be deprived.

The largest contributions to the water footprint come from the contribution of the raw material phase, direct water consumption by the plant and auxiliary materials. The table below provides the results obtained for the evaluation of the AWARE Water Footprint calculated in Fiscal Year 2020 and Fiscal Year 2021.

| | AWARE WATER FOOTPRINT | | | | | |
|--|-----------------------|------------|------------|---------|------------|---------|
| | (m³ eq) | | (m³ eq/Kg) | | (m³ eq/m²) | |
| | FY 2020 | FY 2021 | FY 2020 | FY 2021 | FY 2020 | FY 2021 |
| Alcantara® average (total) | 74,394,763 | 51,986,563 | 29.7 | 28.5 | 10.1 | 10.2 |
| Alcantara® average (only dyeing process) * | 44,252,293 | 34,671,121 | 17.6 | 19.0 | 6.0 | 6.8 |
| Alcantara® average (excluding dyeing process) ** | 30,142,469 | 17,315,441 | 12.0 | 9.5 | 4.1 | 3.4 |

* Note: to evaluate the AWARE Water Footprint of the Alcantara® dyeing process, the following items were evaluated: water consumption, equal to 75% of the total soft water consumption produced; 100% of the raw materials related to dyeing; 75% - 100% of the chemicals used for water treatment; 50% of the electricity consumption used for water treatment; electricity and thermal energy consumption related to the dyeing department.
** Note: the value has been calculated by subtracting from the total WSF that related to the dyeing process only.



6.6 Waste Management

The main type of waste resulting from production activities is waste (sludge) from wastewater treatment plants (57%) which is subsequently transferred to authorised landfills and, in Fiscal Year 2020, was transferred to recovery in authorised cement plants. Next is textile waste (12%), followed by packaging, plastic and metal waste to a lesser extent.

Approximately 85% of the waste produced is non-hazardous and 63% is recovered. The decrease in waste compared to last year is due to the decrease in production.

| TYPE OF WASTE | FY 2021 | |
|---------------|-------------------------------|-----------------------------------|
| | Weight of hazardous waste (t) | Weight of non-hazardous waste (t) |
| Sludge | 463 | 5,433 |
| Textile waste | - | 1,216 |
| Packaging | 216 | 391 |
| Plastic waste | - | 368 |
| Metal waste | - | 168 |
| Other | 899 | 1,199 |
| TOTAL | 1,577 | 8,773 |

| TRANSPORT HAZARDOUS WASTE (in tons) | FY 2021 |
|--------------------------------------|---------|
| Hazardous waste transported | 1,577 |
| Hazardous waste imported from abroad | - |
| Hazardous waste exported abroad | - |
| Hazardous waste treated | - |
| TOTAL | 1,577 |

The following table shows, by type and volume, the list of waste produced and disposed of at the Nera Montoro plant (the waste produced at the Milan headquarters represents a very small proportion of the total). All the waste is sent to destinations within national borders.

| DISPOSAL METHOD | | FY 2021 | | | |
|-------------------------------------|-----------------------------------|-----------|---------------|--------|--------|
| | UNIT OF MEASUREMENT ¹² | HAZARDOUS | NON-HAZARDOUS | TOTAL | %TOTAL |
| Reuse | t | - | - | - | - |
| Recycling | t | - | - | - | - |
| Compost | t | - | - | - | - |
| Recovery, including energy recovery | t | 820 | 5,698 | 6,517 | 63% |
| Incineration | t | - | - | - | - |
| Deep aquifer injections | t | - | - | - | - |
| Landfill | t | | 2,360 | 2,360 | 23% |
| On-site storage | t | - | - | - | - |
| Other | t | 758 | 716 | 1,473 | 14% |
| TOTAL | t | 1,577 | 8,773 | 10,350 | 100% |

12 t: tons

| DESTINATION CODE | DESTINATION DESCRIPTION | NON HAZARDOUS (Kg) | HAZARDOUS (Kg) | TOTAL (Kg) |
|-------------------|---|--------------------|----------------|------------|
| D1 | Deposit on the ground or underground (for example, landfill) | 2,359,500 | - | 2,359,500 |
| D9 | Physical and chemical treatment not specified elsewhere in this annex that produces compounds or mixtures disposed of in accordance with one of the procedures listed in points D1 to D12 (for example, evaporation, drying, calcination, etc.) | - | - | - |
| D10 | Incineration on the ground | - | - | - |
| D13 | Preliminary grouping before one of the operations listed under D1 to D12 | - | - | - |
| D15 | Preliminary deposit before one of the operations indicated under D1 to D14 (excluding temporary deposit, prior to collection, in the place where it is produced) | 715,824 | 757,523 | 1,473,347 |
| TOTAL DISPOSED OF | Kg | 3,075,324 | 757,523 | 3,832,847 |
| | % | 29.7 | 7.3 | 37.0 |
| R3 | Recycling/reclamation of organic substances which are not used as solvents (including composting and other biological transformation processes) | - | - | - |
| R5 | Recycling/recovery of other inorganic substances | - | - | - |
| R7 | Recovery of the products used to capture the pollutants | - | - | - |
| R12 | Exchange of waste to subject it to one of the operations indicated under R1-R11 | 124,940 | 2,040 | 126,980 |
| R13 | Stocking of waste to subject it to one of the operations indicated under R1 to R12 (excluding temporary deposit, prior to collection, in the place where it is produced) | 5,572,893 | 817,563 | 6,390,456 |
| TOTAL RECOVERED | Kg | 5,697,833 | 819,603 | 6,517,436 |
| | % | 55.1 | 7.9 | 63.0 |
| TOTAL WASTE | Kg | 8,773,157 | 1,577,126 | 10,350,283 |
| | % | 84.8 | 15.2 | 100 |

CRADLE

TO GRAVE

CERTIFIED

PIONEERING

TRANSPARENCY

STAKEHOLDER

ENGAGEMENT

CERTIFIED AND VERIFIED

OFFSETTING

PROJECTS

GRI CONTENT INDEX

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| GRI STANDARD TITLE | GRI DISCLOSURE NUMBER | GRI DISCLOSURE TITLE | PARAGRAPH | NOTES |
|--|-----------------------|--|-----------------------|--|
| GRI 102: General Disclosures 2016 Organizational profile | 102-1 | Name of the organization | 1 | |
| | 102-2 | Activities, brands, products, and services | 1.4; 41; 4.2 | |
| | 102-3 | Location of headquarters | 1.3 | |
| | 102-4 | Location of operations | 1.3; 4.1 | |
| | 102-5 | Ownership and legal form | 1.3; 1.5 | |
| | 102-6 | Markets served | 1.4; 4.2 | |
| | 102-7 | Scale of the organization | 1.4; 2.1 | |
| | 102-8 | Information on employees and other workers | 3.1 | |
| | 102-9 | Supply chain | 2.2 | |
| | 102-10 | Significant changes to the organization and its supply chain | 2.2 | |
| | 102-11 | Precautionary Principle or approach | | Before the introduction into the system of each new product, all applicable requirements are re-examined at dedicated interdepartmental meetings |
| | 102-12 | External initiatives | 5.3 | |
| | 102-13 | Membership of associations | 2.1 | |
| GRI 102: General Disclosures 2016 Strategy | 102-14 | Statement from senior decision-maker | The Chairman's letter | |
| | 102-15 | Key impacts, risks, and opportunities | 1.8 | |
| GRI 102: General Disclosures 2016 Ethics and integrity | 102-16 | Values, principles, standards, and norms of behavior | 1.1; 1.5 | |
| | 102-17 | Mechanisms for advice and concerns about ethics | 1.5 | |

| GRI STANDARD TITLE | GRI DISCLOSURE NUMBER | GRI DISCLOSURE TITLE | PARAGRAPH | NOTES |
|---|-----------------------|---|---------------|---|
| GRI 102: General Disclosures 2016 Governance | 102-18 | Governance structure | 1.5 | |
| | 102-19 | Delegating authority | 1.5 | |
| | 102-20 | Executive-level responsibility for economic, environmental, and social topics | 1.5 | |
| | 102-21 | Consulting stakeholders on economic, environmental, and social topics | 1.5; 1.9 | |
| | 102-22 | Composition of the highest governance body and its committees | 1.5 | |
| | 102-23 | Chair of the highest governance body | 1.5 | |
| | 102-24 | Nominating and selecting the highest governance body | 1.5 | |
| | 102-25 | Conflicts of interest | 1.5; 1.8 | |
| | 102-26 | Role of highest governance body in setting purpose, values, and strategy | 1.5 | |
| | 102-27 | Collective knowledge of highest governance body | 1.5 | |
| | 102-28 | Evaluating the highest governance body's performance | | The policies for the evaluation of the performance are decided by the shareholders' meeting with the ownership of Toray Group |
| | 102-29 | Identifying and managing economic, environmental, and social impacts | 1.5; 1.8; 2.1 | |
| | 102-30 | Effectiveness of risk management processes | 1.8 | |
| | 102-31 | Review of economic, environmental, and social topics | 1.8 | |
| | 102-32 | Highest governance body's role in sustainability reporting | 1.5 | |
| | 102-33 | Communicating critical concerns | 1.5 | |
| | 102-34 | Nature and total number of critical concerns | 1.5 | |
| | 102-35 | Remuneration policies | | This information is not publicly disclosed due to confidentiality concerns |
| | 102-36 | Process for determining remuneration | | This information is not publicly disclosed due to confidentiality concerns |
| | 102-37 | Stakeholders' involvement in remuneration | 3.3 | |
| | 102-38 | Annual total compensation ratio | | This information is not publicly disclosed due to confidentiality concerns |
| | 102-39 | Percentage increase in annual total compensation ratio | | This information is not publicly disclosed due to confidentiality concerns |
| GRI 102: General Disclosures 2016 Stakeholder engagement | 102-40 | List of stakeholder groups | 1.9 | |
| | 102-41 | Collective bargaining agreements | | The entire staff is covered by the National labor collective agreement |
| | 102-42 | Identifying and selecting stakeholders | 1.9 | |
| | 102-43 | Approach to stakeholder engagement | 1.9 | |
| | 102-44 | Key topics and concerns raised | 1.9 | |

| GRI STANDARD TITLE | GRI DISCLOSURE NUMBER | GRI DISCLOSURE TITLE | PARAGRAPH | NOTES |
|--|-----------------------|--|-----------------------|--|
| GRI 102: General Disclosures 2016 Reporting process | 102-45 | Entities included in the consolidated financial statements | Methodology | |
| | 102-46 | Defining report content and topic Boundaries | 1.9; Methodology | |
| | 102-47 | List of material topics | 1.9 | |
| | 102-48 | Restatements of information | Methodology | |
| | 102-49 | Changes in reporting | Methodology | |
| | 102-50 | Reporting period | Methodology | |
| | 102-51 | Date of most recent report | Methodology | |
| | 102-52 | Reporting cycle | Methodology | |
| | 102-53 | Contact point for questions regarding the report | Methodology | |
| | 102-54 | Claims of reporting in accordance with the GRI Standards | Methodology | |
| | 102-55 | GRI content index | GRI Content Index | |
| | 102-56 | External assurance | External audit report | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | 1.9 | |
| | 103-2 | The management approach and its components | 1.9 | |
| | 103-3 | Evaluation of the management approach | 1.9 | |
| GRI 201: Economic Performance 2016 | 201-1 | Direct economic value generated and distributed | 2.1 | |
| | 201-2 | Financial implications and other risks and opportunities due to climate change | 2.1; 6.4 | |
| | 201-3 | Defined benefit plan obligations and other retirement plans | | Obligations undertaken as laid down by law |
| | 201-4 | Financial assistance received from government | 2.3 | |
| GRI 202: Market Presence 2016 | 202-1 | Ratios of standard entry level wag by gender compared to local minimum wage | 3.2 | |
| | 202-2 | Proportion of senior management hired from the local community | 3.1 | |
| GRI 203: Indirect economic impacts 2016 | 203-1 | Infrastructure investments and services supported | 5.1 | |
| | 203-2 | Significant indirect economic impacts | 2.1 | |

| GRI STANDARD TITLE | GRI DISCLOSURE NUMBER | GRI DISCLOSURE TITLE | PARAGRAPH | NOTES |
|--|-----------------------|---|-----------|--|
| | | | | |
| GRI 204: Procurement Practices 2016 | 204-1 | Proportion of spending on local suppliers | 2.2 | |
| | | | | |
| GRI 205: Anti-corruption 2016 | 205-1 | Operations assessed for risks related to corruption | 1.5;1.8 | |
| | 205-2 | Communication and training about anti-corruption policies and procedures | 1.5;1.8 | |
| | 205-3 | Confirmed incidents of corruption and actions taken | | No incidents occurred |
| | | | | |
| GRI 206: Anti-competitive Behavior 2016 | 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | | None |
| | | | | |
| GRI 207: Tax 2019 | 207-1 | Approach to tax | 2.3 | |
| | | | | |
| GRI 301: Materials 2016 | 301-1 | Materials used by weight or volume | 6.2 | |
| | 301-2 | Recycled input materials used | 6.2 | |
| | 301-3 | Reclaimed products and their packaging materials | 6.2 | |
| | | | | |
| GRI 302: Energy 2016 | 302-1 | Energy consumption within the organization | 6.4 | |
| | 302-2 | Energy consumption outside of the organization | 6.4 | |
| | 302-3 | Energy intensity | 6.4 | |
| | 302-4 | Reduction of energy consumption | 6.4 | |
| | 302-5 | Reductions in energy requirements of products and services | 6.4 | |
| | | | | |
| GRI 303: Water 2016 | 303-1 | Water withdrawal by source | 6.5 | |
| | 303-2 | Water sources significantly affected by withdrawal of water | 6.5 | |
| | 303-3 | Water recycled and reused | | Alcantara commits to providing the missing information in the future |
| | | | | |
| GRI 304: Biodiversity 2016 | 304-1 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | | A 20-hectare land portion owned by Alcantara is located inside the SIC area (Site of Community Interest). Although within the propriety area, the lands are located out of the plant's perimeter |
| | 304-2 | Significant impacts of activities, products, and services on biodiversity | | No biodiversity studies have been conducted in this topic that is not material |
| | 304-3 | Habitats protected or restored | | None |
| | 304-4 | IUCN Red List species and national conservation list species with habitats in areas affected by operations | | Not applicable |

| GRI STANDARD TITLE | GRI DISCLOSURE NUMBER | GRI DISCLOSURE TITLE | PARAGRAPH | NOTES |
|--|-----------------------|--|-----------|--|
| | | | | |
| GRI 305: Emissions 2016 | 305-1 | Direct (Scope 1) GHG emissions | 6.3 | |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | 6.3 | |
| | 305-3 | Other indirect (Scope 3) GHG emissions | 6.3 | |
| | 305-4 | GHG emissions intensity | 6.3 | This information is partially disclosed due to confidentiality concerns |
| | 305-5 | Reduction of GHG emissions | 6.3 | |
| | 305-6 | Emissions of ozone-depleting substances (ODS) | 6.3 | |
| | 305-7 | Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions | 6.3 | |
| | | | | |
| GRI 306: Effluents and Waste 2016 | 306-1 | Water discharge by quality and destination | 6.5 | |
| | 306-2 | Waste by type and disposal method | 6.6 | |
| | 306-3 | Significant spills | | Over the past few years there have been no leakages or cases of contamination of the environment |
| | 306-4 | Transport of hazardous waste | 6.6 | |
| | 306-5 | Water bodies affected by water discharges and/or runoff | 6.5 | |
| | | | | |
| GRI 307: Environmental Compliance 2016 | 307-1 | Non-compliance with environmental laws and regulations | | No fines or any sanctions |
| | | | | |
| GRI 308: Supplier environmental assessment 2016 | 308-1 | New suppliers that were screened using environmental criteria | 2.2 | |
| | 308-2 | Negative environmental impacts in the supply chain and actions taken | 2.2 | |
| | | | | |
| GRI 401: Employment 2016 | 401-1 | New employee hires and employee turnover | 3.1 | |
| | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 3.7 | |
| | 401-3 | Parental leave | 3.5 | |
| | | | | |
| GRI 402: Labor-Management relations 2016 | 402-1 | Minimum notice periods regarding operational changes | | None |

| GRI STANDARD TITLE | GRI DISCLOSURE NUMBER | GRI DISCLOSURE TITLE | PARAGRAPH | NOTES |
|---|-----------------------|--|-----------|---|
| GRI 403: Occupational Health and Safety 2016 | 403-1 | Occupational health and safety management system | 3.6 | The OHSAS 18001 certification led to the creation of a safety management system. The responsible are those laid down by the Italian Legislation |
| | 403-2 | Hazard identification, risk assessment, and incident investigation | 3.6 | |
| | 403-3 | Occupational health services | 3.6 | |
| | 403-4 | Worker participation, consultation, and communication on occupational health and safety | 3.6 | |
| | 403-5 | Worker training on occupational health and safety | 3.6 | |
| | 403-6 | Promotion of worker health | 3.6 | |
| | 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 3.6 | |
| | 403-8 | Workers covered by an occupational health and safety management system | 3.6 | |
| | 403-9 | Work-related injuries | 3.6 | |
| | 403-10 | Work-related ill health | 3.6 | |
| GRI 404: Training and Education 2016 | 404-1 | Average hours of training per year per employee | 3.4 | |
| | 404-2 | Programs for upgrading employee skills and transition assistance programs | 3.4 | |
| | 404-3 | Percentage of employees receiving regular performance and career development reviews | 3.4 | |
| GRI 405: Diversity and Equal Opportunities 2016 | 405-1 | Diversity of governance bodies and employees | 3.1 | |
| | 405-2 | Ratio of basic salary and remuneration of women to men | 3.2 | |
| GRI 406: Non-discrimination 2016 | 406-1 | Incidents of discrimination and corrective actions taken | | No incidents occurred |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | 2.2 | |
| GRI 408: Child Labor 2016 | 408-1 | Operations and suppliers at significant risk for incidents of child labor | 2.2 | |
| GRI 409: Forced and Compulsory Labor 2016 | 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labor | 2.2 | |
| GRI 410: Security Practices 2016 | 410-1 | Security personnel trained in human rights policies or procedures | | None |

| GRI STANDARD TITLE | GRI DISCLOSURE NUMBER | GRI DISCLOSURE TITLE | PARAGRAPH | NOTES |
|---|-----------------------|--|-----------|--|
| GRI 411: Rights of Indigenous Peoples 2016 | 411-1 | Incidents of violations involving rights of indigenous peoples | | No violations occurred |
| GRI 412: Human Rights Assessment 2016 | 412-1 | Operations that have been subject to human rights reviews or impact assessments | | All operations have been assessed (SA8000®) |
| | 412-2 | Employee training on human rights policies or procedures | 3.5 | |
| | 412-3 | Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | 1.5; 2.1 | |
| GRI 413: Local Communities 2016 | 413-1 | Operations with local community engagement, impact assessments, and development programs | 1.9; 5.1 | |
| | 413-2 | Operations with significant actual and potential negative impacts on local communities | 5.1; 6.1 | |
| GRI 414: Supplier Social Assessment 2016 | 414-1 | New suppliers that were screened using social criteria | 2.2 | |
| | 414-2 | Negative social impacts in the supply chain and actions taken | 2.2 | |
| GRI 415: Public Policy 2016 | 415-1 | Political contributions | | Alcantara S.p.A. has never made contributions to politicians and political parties |
| GRI 416: Customer Health and Safety 2016 | 416-1 | Assessment of the health and safety impacts of product and service categories | 4.2 | |
| | 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | | No incidents of non-compliance occurred |
| GRI 417: Marketing and Labeling 2016 | 417-1 | Requirements for product and service information and labeling | 4.3 | |
| | 417-2 | Incidents of non-compliance concerning product and service information and labeling | | No incidents of non-compliance occurred |
| | 417-3 | Incidents of non-compliance concerning marketing communications | | No incidents of non-compliance occurred |
| GRI 418: Customer Privacy 2016 | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | | No complaints received |
| GRI 419: Socioeconomic Compliance 2016 | 419-1 | Non-compliance with laws and regulations in the social and economic area | | No incidents of non-compliance occurred |

Independent auditors' report on the Sustainability Report

To the Board of Directors of
Alcantara S.p.A.

We have been engaged to perform a limited assurance engagement on the Sustainability Report of Alcantara S.p.A. (the "Company") for the year ended on March 31st, 2021.

Directors' responsibility on the Sustainability Report

The Directors of Alcantara S.p.A. are responsible for the preparation of the Sustainability Report in accordance with the "GRI Sustainability Reporting Standards (GRI Standards)" issued in 2016 by the GRI - Global Reporting Initiative, as described in the paragraph "Methodology" of the Sustainability Report.

The Directors are responsible for that part of the internal control that they consider necessary in order to enable the preparation of a Sustainability Report that is free from material misstatements, whether due to frauds or unintentional behaviors or events.

The Directors are also responsible for the definition of the objectives regarding the sustainability performance and the reporting of the achieved results, as well as for the identification of the stakeholders and the significant matters to report.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior.

Our audit firm applies the International Standards on Quality Control 1 (ISQC Italia 1) and, consequently, maintains a quality control system that includes documented policies and procedures, regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the Sustainability Report with the requirements of the GRI Standards. We conducted our work in accordance with the principles included in the "International Standard on Assurance Engagements 3000 (Revised)- Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This standard requires the planning and execution of procedures in order to obtain limited assurance that the Sustainability Report is free from material misstatement.

Therefore, the extent of work performed in our examination was lower than that required for a full examination in accordance with ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would have been identified during a reasonable assurance engagement.

The procedures performed on the Sustainability Report were based on our professional judgement and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the Sustainability Report, document analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

Bari, Bologna, Brescia, Cagliari, Firenze, Genova, Milano, Napoli, Padova, Palermo, Roma, Torino, Verona

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In particular, we have performed the following procedures:

1. Analysis of the process relating to the definition of material aspects included in the Sustainability Report, with reference to the criteria applied to identify priorities for the different stakeholder categories and to the internal validation of the process results;
2. comparison of economic and financial data included in the paragraph "Economic results" of the Sustainability Report with those included in the Financial Statements of the Company;
3. analysis of processes that support the generation, collection and management of data and information to the department responsible for the preparation of the Sustainability Report. In particular, we have performed interviews and discussions with the management of Alcantara S.p.A. to gather information about the accounting and reporting systems used in preparing the Sustainability Report, as well as on the internal control procedures supporting the gathering, aggregation, processing and transmission of data and information to the department responsible for the preparation of the Sustainability Report;


furthermore, for the most important information, taken into consideration the activities and the characteristics of the Company:

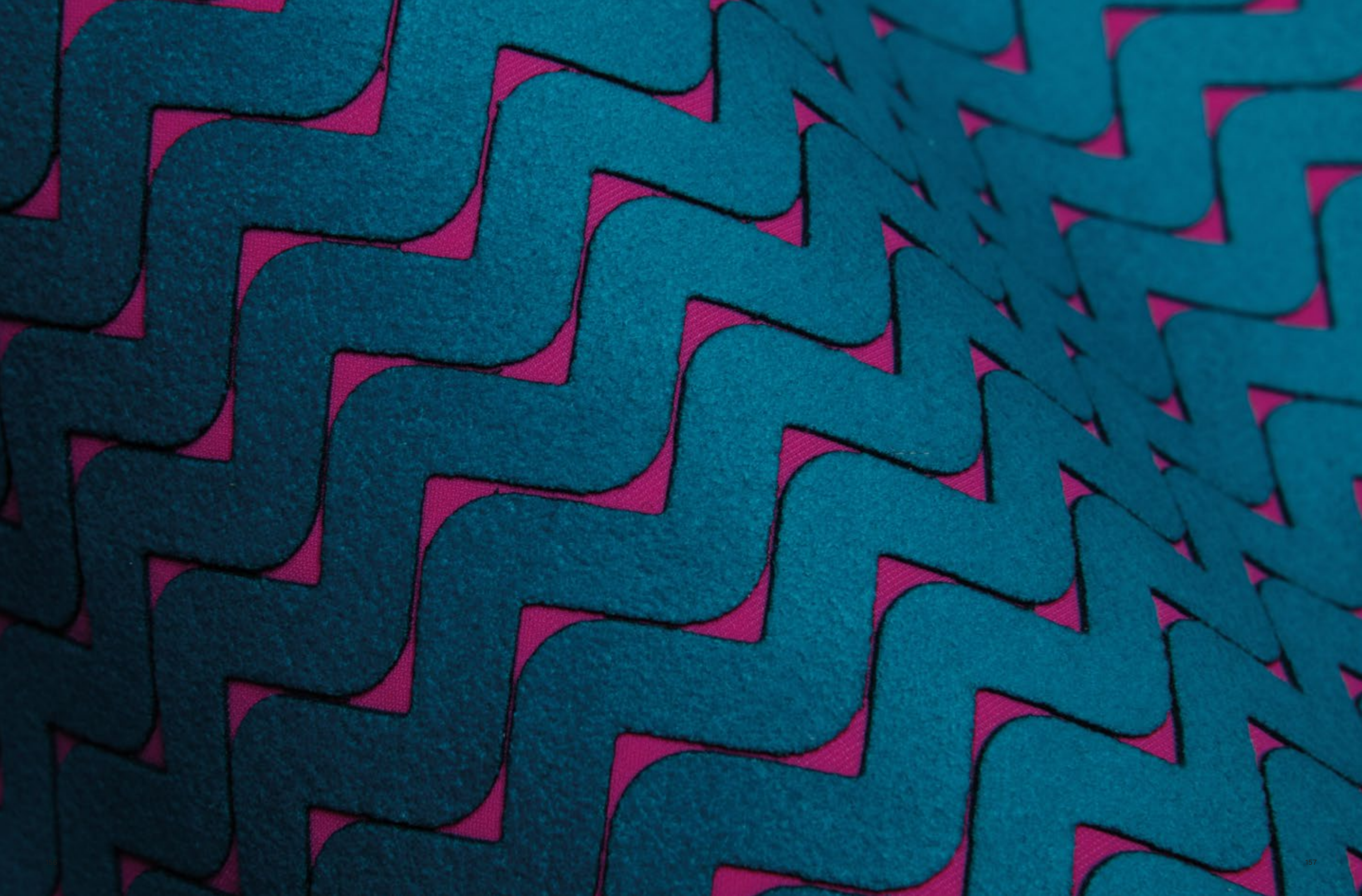
- with reference to the qualitative information contained in the Sustainability Report, we carried out interviews and we have acquired supporting documentation to verify their consistency with the available evidence;
- with reference to quantitative information, we carried out both analytical procedures and limited checks to ascertain the correct aggregation of data on a sample basis.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Alcantara S.p.A. for the period ended on March 31st, 2021 is not prepared, in all material respects, in accordance with the "GRI Sustainability Reporting Standards (GRI Standards)" issued in 2016 by the GRI - Global Reporting Initiative, as stated in the paragraph "Methodology" of the Sustainability Report.

Milan, July 27th, 2021

BDO Italia S.p.A.

Simone Del Bianco
Partner



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